

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

IN THE MATTER OF THE APPLICATION OF)
BAYSWATER EXPLORATION & PRODUCTION,)
LLC FOR AN ORDER ESTABLISHING AN)
APPROXIMATE 640-ACRE DRILLING AND)
SPACING UNIT AND ESTABLISHING WELL)
LOCATION RULES FOR THE DRILLING AND)
PRODUCING OF WELLS FROM THE CODELL)
AND NIOBRARA FORMATIONS COVERING)
CERTAIN LANDS IN TOWNSHIP 7 NORTH,)
RANGE 65 WEST, 6TH P.M., WATTENBERG)
FIELD, WELD COUNTY, COLORADO)

Cause No. 407
Docket No. 180300222
Type: SPACING

APPLICATION

Bayswater Exploration & Production, LLC (“Bayswater” or “Applicant”), Operator No. 10261, on behalf of Bayswater Resources LLC and Bayswater Fund III-A, LLC, by its attorneys, Welborn Sullivan Meck & Tooley, P.C., respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado (“Commission”) for an order establishing an approximate 640-acre drilling and spacing unit and establishing well location rules applicable to the drilling of wells and producing of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations, covering certain lands in Weld County, Colorado. In support of its Application, Applicant states:

1. Applicant is a Colorado limited liability company that is duly authorized to conduct business in the State of Colorado and is a registered operator in good standing with the Commission.
2. Bayswater Resources LLC and Bayswater Fund III-A, LLC own leasehold interests in the following lands (“Application Lands”) and have granted operating rights to Bayswater:

Township 7 North, Range 65 West, 6th P.M.
Section 18: E½
Section 19: E½

A reference map of the Application Lands is attached hereto.

3. On April 27, 1988, the Commission adopted Rule 318A, the Greater Wattenberg Area Special Well Location, Spacing and Unit Designation Rule, which was amended on August 8, 2011 to, among other things, address the drilling of horizontal wells and requires that a horizontal wellbore spacing unit must include any governmental quarter-quarter section that are located less than 460’ from the completed interval of the wellbore lateral. Rule 318A supersedes all prior

Commission drilling and spacing orders affecting well location and density requirements of the Greater Wattenberg Area. The Rule does not, however, prohibit the establishment of drilling and spacing units within the Greater Wattenberg Area.

4. On August 29, 2016, corrected November 15, 2016, the Commission entered Order No. 407-1767, which pooled all interests in an approximate 360-acre designated horizontal wellbore spacing unit established for the SW $\frac{1}{4}$ and SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 19, Township 7 North, Range 65 West and the SE $\frac{1}{4}$ of Section 24, Township 7 North, Range 66 West, for the development and operation of the Niobrara Formation and subjected any nonconsenting interests to the cost recovery provisions of §34-60-116(7), C.R.S., for the Waag #21 Well (API No. 05-123-40350). The Waag #21 Well is currently producing from the Niobrara Formation and the wellbore is located outside Applicant's proposed drilling and spacing unit. Applicant states that the Waag #21 Well will remain subject to its governing designated horizontal wellbore spacing unit and Order No. 407-1767 and should continue to pay and distribute proceeds in accordance therewith.

5. On August 29, 2016, corrected November 15, 2016, the Commission entered Order No. 407-1768, which pooled all interests in an approximate 400-acre designated horizontal wellbore spacing unit established for the S $\frac{1}{2}$ SW $\frac{1}{4}$ and SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 19 and the N $\frac{1}{2}$ NW $\frac{1}{4}$ and NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 30, Township 7 North, Range 65 West and the S $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 24 and the N $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 25, Township 7 North, Range 66 West, for the development and operation of the Niobrara Formation and subjected any nonconsenting interests to the cost recovery provisions of §34-60-116(7), C.R.S., for the Waag #24 Well (API No. 05-123-40352). The Waag #24 Well is currently producing from the Niobrara Formation and the wellbore is located outside Applicant's proposed drilling and spacing unit. Applicant states that the Waag #24 Well will remain subject to its governing designated horizontal wellbore spacing unit and Order No. 407-1768 and should continue to pay and distribute proceeds in accordance therewith.

6. On October 24, 2016, the Commission entered Order No. 407-1789, which pooled all interests in an approximate 400-acre designated horizontal wellbore spacing unit established for the SW $\frac{1}{4}$ and W $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 19, Township 7 North, Range 65 West and the SE $\frac{1}{4}$ of Section 24, Township 7 North, Range 66 West, for the development and operation of the Codell Formation and subjected any nonconsenting interests to the cost recovery provisions of §34-60-116(7), C.R.S., for the Waag #19 Well (API No. 05-123-40351). The Waag #19 Well is currently producing from the Codell Formation and the wellbore is located outside Applicant's proposed drilling and spacing unit. Applicant states that the Waag #19 Well will remain subject to its governing designated horizontal wellbore spacing unit and Order No. 407-1789 and should continue to pay and distribute proceeds in accordance therewith.

7. There are vertical wells within the above-described 640-acre drilling and spacing unit producing from the Codell and Niobrara Formations. Applicant states those wells will not be affected by the proposed spacing unit and order and will remain subject to applicable Commission rules and orders such that proceeds from the sale of oil or gas from those wells shall continue to be distributed based on the applicable rules and orders.

8. No horizontal wells have been drilled on the Application Lands.

9. To promote efficient drainage of the Codell and Niobrara Formations within the Application Lands and to avoid waste, the Commission should establish an approximate 640-acre drilling and spacing unit covering the below-described Application Lands for production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations:

Township 7 North, Range 65 West, 6th P.M.
Section 18: E½
Section 19: E½

10. Applicant is requesting to drill and complete one (1) horizontal well in the above-described approximate 640-acre drilling and spacing unit with the option to drill and complete up to a total of ten (10) horizontal wells in the unit for production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations in the Application Lands with the surface location to be located at a legal location in the above-described drilling and spacing unit or on adjacent lands. Applicant further requests that the treated interval of each wellbore be no closer than 150 feet from the treated interval of any other wellbore producing from the Codell and/or Niobrara Formations, and no closer than 460 feet from the unit boundary, without exception being granted by the Director.

11. Applicant requests authority to drill only those wells necessary to determine the well density which allows the most efficient drainage of the Codell and Niobrara Formations, prevents waste, does not adversely affect correlative rights, and assures the greatest ultimate recovery of oil, gas and associated hydrocarbon substances. The proposed drilling and spacing unit is not smaller than the maximum area that can be economically and efficiently drained by the authorized wells in such drilling and spacing unit. Applicant further maintains that wells drilled in the above-proposed drilling and spacing unit will have no adverse effect on correlative rights of adjacent owners.

12. Applicant states that the wells be drilled from one well pad located within the unit and/or from a legal location on adjacent lands, without exception granted by the Director.

13. The names of the interested parties according to the information and belief of the Applicant are set forth in Exhibit A attached hereto and made a part hereof, and the undersigned certifies that copies of this Application shall be served on each interested party within seven days after filing of the original application as required by Rules 503.e and 507.b.1.

[Remainder of page left intentionally blank]

WHEREFORE, Applicant respectfully requests that this matter be set for hearing, that notice be given as required by law and that, upon such hearing, this Commission enter its order consistent with Applicant's proposals as set forth above.

Dated this 18th day of January, 2018.

Respectfully submitted,

WELBORN SULLIVAN MECK & TOOLEY, P.C.

By: 

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Geoffrey W. Storm
Welborn Sullivan Meck & Tooley, P.C.
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Attorneys for Bayswater Exploration & Production LLC

Applicant's Address:

Bayswater Exploration & Production, LLC
730 17th Street, Suite 500
Denver, CO 80202
Attn: Blake Leavitt, Senior Landman
Phone: 303-893-2503

VERIFICATION

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

Blake Leavitt, Senior Landman with Bayswater Exploration & Production, LLC upon oath deposes and says that he has read the foregoing Application and that the statements contained therein are true to the best of his knowledge, information and belief.

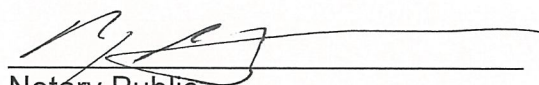
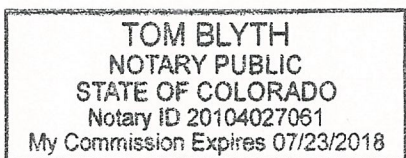
BAYSWATER EXPLORATION &
PRODUCTION, LLC



Blake Leavitt, Senior Landman

Subscribed and sworn to before me this 18th day of January, 2018 by Blake Leavitt, Senior Landman for Bayswater Exploration & Production, LLC

Witness my hand and official seal.



Notary Public

My Commission Expires: 7/23/2018

EXHIBIT A

INTERESTED PARTIES

Weld County Department of Planning Services
Troy Swain
1555 North 17th Avenue
Greeley, CO 80631

Colorado Department of Public Health and Environment
Kent Kuster
4300 Cherry Creek Drive South
Denver, CO 80246-1500

Colorado Parks and Wildlife
Brandon Marette
Northeast Region Office
6060 Broadway
Denver, CO 80216

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EXHIBIT A CONTINUED ON NEXT PAGE

EXHIBIT A

INTERESTED PARTIES

Bayswater Resources LLC
Bayswater Fund III-A, LLC
Noble Energy, Inc.
PDC Energy, Inc.
Extraction Oil & Gas, Inc.
Wildcat Energy, LLC
Edge Energy II, LLC
Esther I. Johnson

7

8

Hwy 14

Hwy 14

18

17

7N

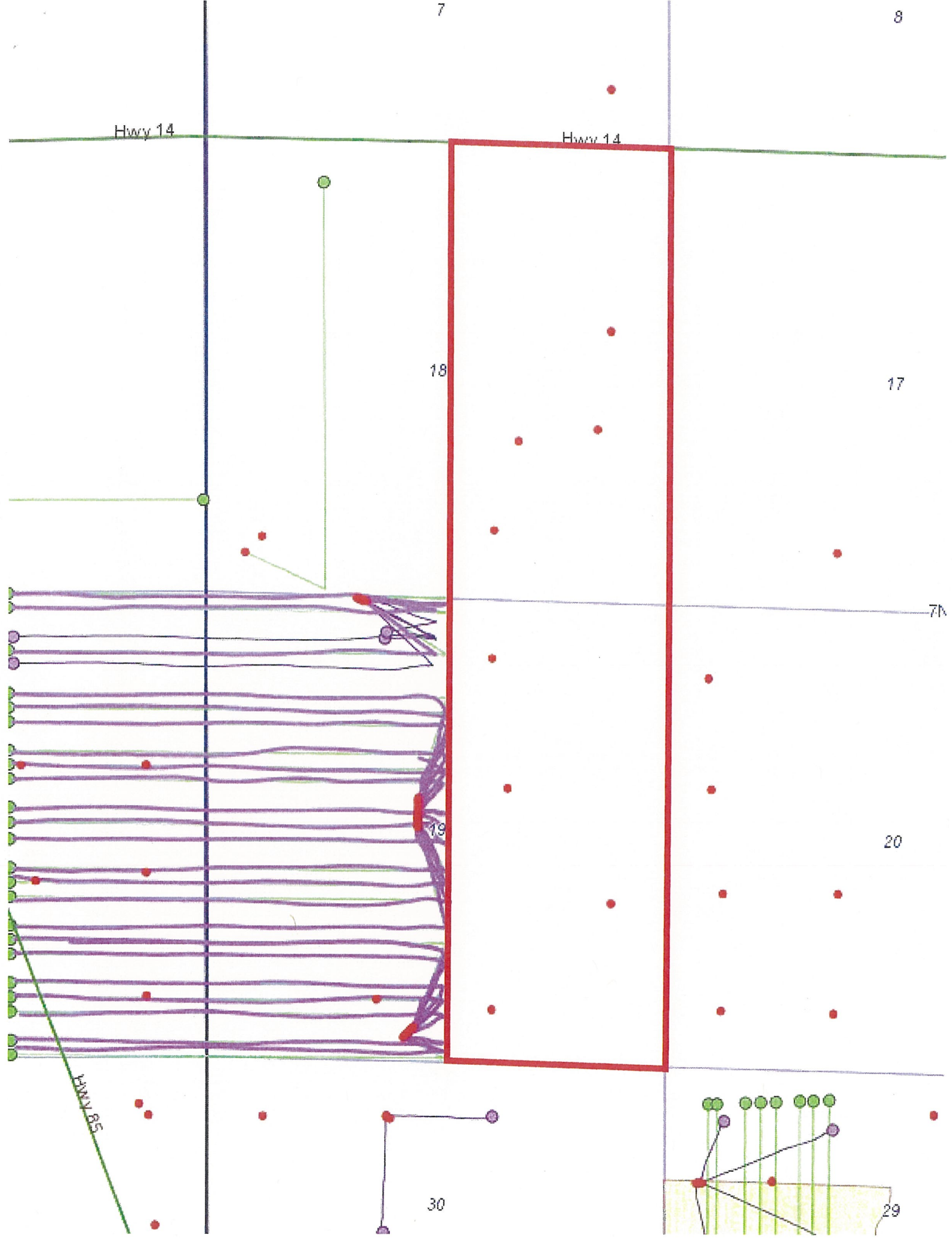
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Hwy 85

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

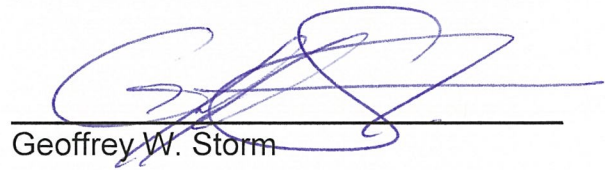
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PRODUCTION, LLC FOR AN ORDER)	Docket No. 180300222
ESTABLISHING AN APPROXIMATE 640-)	
ACRE DRILLING AND SPACING UNIT AND)	Type: SPACING
ESTABLISHING WELL LOCATION RULES)	
FOR THE DRILLING AND PRODUCING OF)	
WELLS FROM THE CODELL AND NIOBRARA)	
FORMATIONS COVERING CERTAIN LANDS)	
IN TOWNSHIP 7 NORTH, RANGE 65 WEST,)	
6TH P.M., WATTENBERG FIELD, WELD)	
COUNTY, COLORADO)	

AFFIDAVIT OF MAILING

STATE OF COLORADO §
 §
 CITY AND COUNTY OF DENVER §

I, Geoffrey W. Storm, of lawful age, and being first duly sworn upon my oath, state and declare:

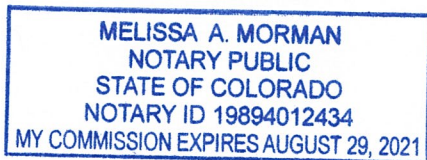
That I am the attorney for Bayswater Exploration & Production, LLC and that on or before January 24 2018, I caused a copy of the attached Application to be deposited in the United States mail, postage prepaid, addressed to the parties listed on Exhibit A to the Application.



Geoffrey W. Storm

Subscribed and sworn to before me January 30, 2018.

Witness my hand and official seal.



Melissa A. Morman
 Notary Public
 My commission expires: 8/29/2021