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Document Number:
 400221029
 PluggingBond SuretyID
 20080034

APPLICATION FOR PERMIT TO:

1. Drill, Deepen, Re-enter, Recomplete and Operate

2. TYPE OF WELL
 OIL GAS COALBED OTHER _____
 SINGLE ZONE MULTIPLE COMMINGLE

Refiling
 Sidetrack

3. Name of Operator: BAYSWATER EXPLORATION AND PRODUCTION LLC 4. COGCC Operator Number: 10261
 5. Address: 730 17TH ST STE 610
 City: DENVER State: CO Zip: 80202
 6. Contact Name: Kallasandra Moran Phone: (303)928-7128 Fax: (303)962-6237
 Email: kmoran@petro-fs.com
 7. Well Name: Hergert Well Number: 17-35
 8. Unit Name (if appl): _____ Unit Number: _____
 9. Proposed Total Measured Depth: 7475

WELL LOCATION INFORMATION

10. QtrQtr: NENE Sec: 35 Twp: 7N Rng: 67W Meridian: 6
 Latitude: 40.534340 Longitude: -104.855112
 Footage at Surface: 1297 feet FNL/FSL FNL 1141 feet FEL/FWL FEL
 11. Field Name: Wattenberg Field Number: 90750
 12. Ground Elevation: 4897 13. County: WELD

14. GPS Data:
 Date of Measurement: 09/27/2011 PDOP Reading: 1.5 Instrument Operator's Name: LK Stevenson / PFS

15. If well is Directional Horizontal (highly deviated) **submit deviated drilling plan.**
 Footage at Top of Prod Zone: FNL/FSL _____ FEL/FWL _____ Bottom Hole: FNL/FSL _____ FEL/FWL _____
 Sec: _____ Twp: _____ Rng: _____ Sec: _____ Twp: _____ Rng: _____

16. Is location in a high density area? (Rule 603b)? Yes No
 17. Distance to the nearest building, public road, above ground utility or railroad: 1141 ft
 18. Distance to nearest property line: 251 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 536 ft

LEASE, SPACING AND POOLING INFORMATION

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
Codell	CODL		160	NE/4
Greenhorn	GRNHN		160	NE/4
Hygiene	HYGN		160	NE/4
Niobrara	NBRR		160	NE/4
Parkman	PRKM		160	NE/4
Sussex	SUSX		160	NE/4

21. Mineral Ownership: Fee State Federal Indian Lease #: _____

22. Surface Ownership: Fee State Federal Indian

23. Is the Surface Owner also the Mineral Owner? Yes No Surface Surety ID#: 201000112

23a. If 23 is Yes: Is the Surface Owner(s) signature on the lease? Yes No

23b. If 23 is No: Surface Owners Agreement Attached or \$25,000 Blanket Surface Bond \$2,000 Surface Bond \$5,000 Surface Bond

24. Using standard QtrQtr, Sec, Twp, Rng format enter entire mineral lease description upon which this proposed wellsite is located (attach separate sheet/map if you prefer):
NE Sec. 35, T7N-R67W

25. Distance to Nearest Mineral Lease Line: 1141 ft 26. Total Acres in Lease: 160

DRILLING PLANS AND PROCEDURES

27. Is H2S anticipated? Yes No If Yes, attach contingency plan.

28. Will salt sections be encountered during drilling? Yes No

29. Will salt (>15,000 ppm TDS CL) or oil based muds be used during drilling? Yes No

30. If questions 28 or 29 are yes, is this location in a sensitive area (Rule 901.e)? Yes No

31. Mud disposal: Offsite Onsite **If 28, 29, or 30 are "Yes" a pit permit may be required.**

Method: Land Farming Land Spreading Disposal Facility Other: _____

Note: The use of an earthen pit for Recompletion fluids requires a pit permit (Rule 905b). If air/gas drilling, notify local fire officials.

Casing Type	Size of Hole	Size of Casing	Wt/Ft	Csg/Liner Top	Setting Depth	Sacks Cmt	Cmt Btm	Cmt Top
SURF	12+1/4	8+5/8	24	0	525	367	525	0
1ST	8+7/8	4+1/2	11.6	0	7,475	885	7,475	0

32. BOP Equipment Type: Annular Preventer Double Ram Rotating Head None

33. Comments No conductor casing will be set. Please reference Bayswaters E&P Waste Management Plan for COGCC Facility #425196 / COGCC Document #1814870. The location does NOT require a variance from any of the rules listed in Rule 306.d. (1). (A). (ii). The location is NOT in a restricted surface occupancy area. The location is NOT a sensitive wildlife habitat area.

34. Location ID: _____

35. Is this application in a Comprehensive Drilling Plan ? Yes No

36. Is this application part of submitted Oil and Gas Location Assessment ? Yes No

I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: _____ Print Name: Kallasandra M. Moran

Title: Regulatory Manager Date: 11/4/2011 Email: kmoran@petro-fs.com

Based on the information provided herein, this Application for Permit-to-Drill complies with COGCC Rules and applicable orders and is hereby approved.

COGCC Approved: David S. Noshin Director of COGCC Date: 11/30/2011

API NUMBER
05 123 34766 00

Permit Number: _____ Expiration Date: 11/29/2013

CONDITIONS OF APPROVAL, IF ANY:

All representations, stipulations and conditions of approval stated in the Form 2A for this location shall constitute representations, stipulations and conditions of approval for this Form 2 Permit-to-Drill and are enforceable to the same extent as all other representations, stipulations and conditions of approval stated in this Permit-to-Drill.

- 1) Provide 24 hour notice of MIRU to Jim Precup at 303-469-1902 or e-mail at james.precup@state.co.us
- 2) Comply with Rule 317.i and provide cement coverage from TD to a minimum of 200' above Niobrara and from 200' below Shannon to 200' above Parkman. Verify coverage with cement bond log.

Operator must meet water well testing requirements per Rule 318A.

Attachment Check List

Att Doc Num	Name
400221029	FORM 2 SUBMITTED
400221030	WASTE MANAGEMENT PLAN
400221031	PLAT
400221032	30 DAY NOTICE LETTER
400221033	TOPO MAP

Total Attach: 5 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed. No LGD or public comment received.	11/29/2011 2:02:48 PM
Permit	Received WMP. Okay to pass pending public comment 11/28/11.	11/15/2011 11:06:51 AM
Permit	ON HOLD: w/o WMP.	11/8/2011 4:40:43 PM

Total: 3 comment(s)

BMP

<u>Type</u>	<u>Comment</u>
Planning	When feasible develop multiple well sites by using directional drilling to reduce cumulative impacts and adverse impacts on wildlife resources.
Final Reclamation	All surface restoration shall be accomplished to the satisfaction of Owner. All reseeding shall be done with grasses consistent with the Rocky Mountain native mix or other grasses reasonably requested by surface owner and during planting period suggested by Owner. Final reclamation shall be completed to the reasonable satisfaction of the Owner as soon as practical after installation (weather permitting) and in accordance with regulatory agency standards (BLM/COGCC).
Construction	Remove only the minimum amount of vegetation necessary for the construction of roads and facilities. Conserve topsoil during excavation and reuse as cover on disturbed areas to facilitate regrowth of vegetation. No construction or routine maintenance activities will be performed during periods when the soil is too wet to adequately support construction equipment.
Site Specific	Fence the well site after drilling to restrict public and wildlife access. Keep well site location, the road, and the pipeline easement free of noxious weeds, litter and debris. Spray for noxious weeds, and implement dust control, as needed. Operator will not permit the release or discharge of any toxic or hazardous chemicals or wastes on Owner's Land. Construct and maintain gates where any roads used by operator cross through fences on the leased premises.
Interim Reclamation	Utilize only such area around each producing well as is reasonably necessary. Restore the remainder of the well site location to its original condition within a reasonable time after the completion of operations. All reseeding shall be done with grasses consistent with the Rocky Mountain native mix or other grasses reasonably requested by surface owner and during planting period suggested by Owner.
Drilling/Completion Operations	Use a closed-loop drilling mud system to preclude the use of an earthen reserve pits when available.
Storm Water/Erosion Control	Use water bars, and other measures to prevent erosion and non-source pollution. Implement and maintain BMPs to control stormwater runoff in a manner that minimizes erosion, transport of sediment offsite, and site degradation. Co-locate gas and water gathering lines whenever feasible, and mitigate any erosion problems that arise due to the construction of any pipeline(s).

Total: 7 comment(s)