



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

IN THE MATTER OF THE APPLICATION OF)	Cause No. 407
BAYSWATER EXPLORATION &)	
PRODUCTION, LLC FOR AN ORDER)	Docket No. 180100099
ESTABLISHING AN APPROXIMATE 640-)	
ACRE DRILLING AND SPACING UNIT AND)	Type: SPACING
ESTABLISHING WELL LOCATION RULES)	
APPLICABLE TO THE DRILLING AND)	
PRODUCING OF WELLS FROM THE CODELL)	
AND NIOBRARA FORMATIONS COVERING)	
CERTAIN LANDS IN TOWNSHIP 7 NORTH,)	
RANGE 66 WEST, 6TH P.M., WELD COUNTY,)	
COLORADO.)	

APPLICATION

Bayswater Exploration & Production, LLC (“Bayswater” or “Applicant”), Operator No. 10261, 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”), pursuant to Commission Rule 503.b.(1), 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 as follows:

1. Applicant is a limited liability company authorized to conduct business in the State of Colorado and is a registered operator in good standing with the Commission.

2. Applicant owns leasehold interests in the following lands (“Application Lands”) and therefore has standing to file this application pursuant to Commission Rule 503.b.(1):

Township 7 North, Range 66 West, 6th P.M.
Section 35: N½
Section 36: N½

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 and which overlap existing horizontal wellbore spacing units.

4. On January 13, 2011, the Commission issued Order No. 409-5, which pooled all nonconsenting interests within the drilling and spacing unit designated for the NW $\frac{1}{4}$ of Section 35, Township 7 North, Range 66 West, 6th P.M., for the Wilson #35-25 Well, a vertical well producing from the Codell-Niobrara Formations. The NW $\frac{1}{4}$ of Section 35 of the Application Lands is subject to this Order for the Codell and Niobrara Formations. Applicant is the operator of the Wilson #35-25 well, and production from the well will continue to be allocated according to Order No. 409-5.

5. On September 16, 2013, the Commission issued Order No. 407-859, which pooled all interests in five approximate 400-acre designated horizontal wellbore spacing units established for certain lands in Section 1, Township 6 North, Range 66 West, 6th P.M., and Section 36, Township 7 North, Range 66 West, 6th P.M., for the development and operation of the Codell and Niobrara Formations. The S $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 36 is subject to this Order for the Codell and Niobrara Formations. The horizontal wells subject to Order No. 407-859 will remain subject to said order and production from the wells will continue to be allocated according to Order No. 407-859.

6. Applicant has drilled, tested and completed wells in the Codell and Niobrara Formations on lands in close proximity to the Application Lands.

7. There are vertical and directional wells within the above-described 640-acre drilling and spacing unit producing from, *inter alia*, the Codell and Niobrara Formations. Applicant is the Operator of certain of these wells, which Applicant intends to continue to produce pursuant to applicable rules and spacing orders. For those vertical and directional wells which Applicant is not the operator, Applicant states those wells will not be affected by the proposed spacing unit and order and will remain subject to applicable Commission rules and spacing 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 spacing orders.

8. 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 Application Lands described below for production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations:

Township 7 North, Range 66 West, 6th P.M.

Section 35: N $\frac{1}{2}$

Section 36: N $\frac{1}{2}$

9. 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.

10. 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 from the Codell and Niobrara Formations. 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.

11. Applicant states that the wells will 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.

12. The names and addresses 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 intentionally left 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 30th day of November, 2017.

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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Applicant's Address:

Bayswater Exploration & Production, LLC
730 Seventeenth 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.

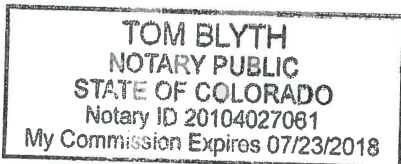
BAYSWATER EXPLORATION &
PRODUCTION, LLC



Blake Leavitt, Senior Landman

Subscribed and sworn to before me this 30th day of November, 2017 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

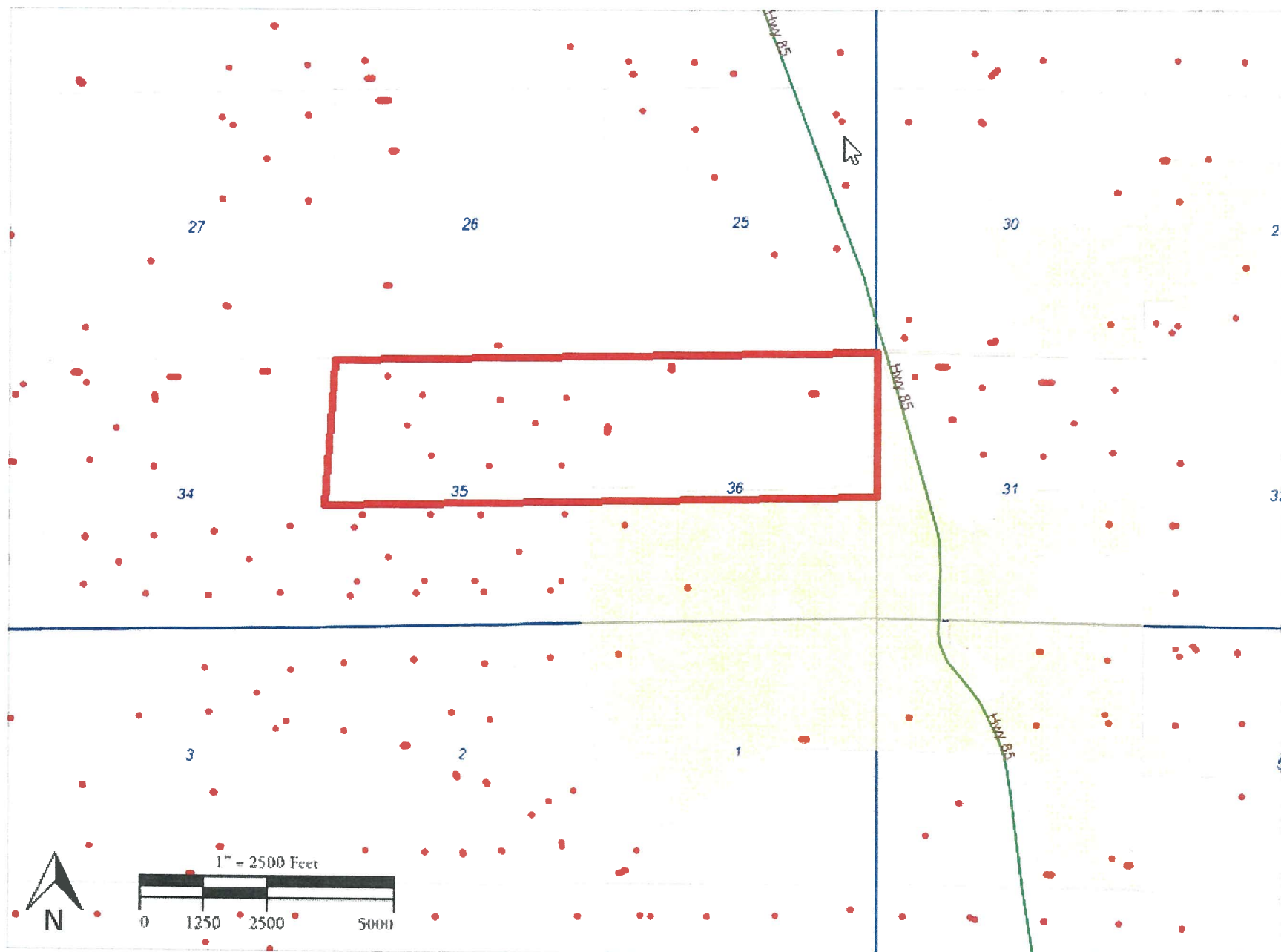
INTERESTED PARTIES

Bayswater Resources LLC
730 17th St. Suite 500
Denver, CO 80202

Bayswater Fund III-A, LLC
730 17th St. Suite 500
Denver, CO 80202

PDC Energy, Inc.
1775 Sherman Street, Suite 3000
Denver, CO 80203

Map of Application Lands: N/2 of Secs. 35 and 36, T7N, R66W



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COVERING CERTAIN LANDS IN TOWNSHIP)	
7 NORTH, RANGE 66 WEST, 6TH P.M.,)	
WELD COUNTY, COLORADO.)	

AFFIDAVIT OF MAILING

STATE OF COLORADO §
 §
CITY AND COUNTY OF DENVER §

I, Joseph C. Pierzchala, of lawful age, and being first duly sworn upon my oath, state and declare:

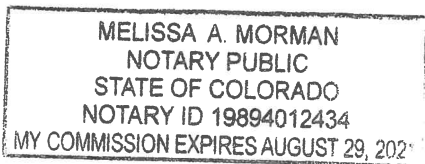
That I am the attorney for Bayswater Exploration & Production, LLC and that on or before Dec. 7, 2017, I caused a copy of the attached Application to be deposited in the United States mail, postage prepaid, addressed to the parties listed on Exhibit A to the Application.

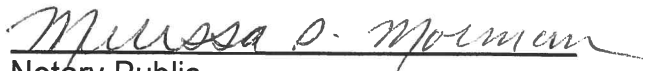


Joseph C. Pierzchala

Subscribed and sworn to before me Dec. 7, 2017.

Witness my hand and official seal.





Notary Public

My commission expires: 8/29/2021