



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 800-ACRE DRILLING AND)
SPACING UNIT AND APPROVING TEN)
HORIZONTAL WELLS WITHIN THE UNIT WITH)
WELL LOCATION RULES FOR THE DRILLING)
AND PRODUCING OF WELLS FROM THE)
NIOBRARA AND CODELL FORMATIONS)
COVERING CERTAIN LANDS IN SECTIONS 26,)
27, 28, AND 29, TOWNSHIP 7 NORTH, RANGE)
66 WEST, 6TH P.M., WATTENBERG FIELD,)
WELD COUNTY, COLORADO)

Cause No. 407
Docket No. 181000822
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 800-acre drilling and spacing unit covering the W½NW¼ of Section 26, the N½ of Section 27, the N½ of Section 28, Township 7 North, Range 66 West, 6th P.M., and approving ten horizontal wells within the unit, with well location rules applicable to the drilling of wells and producing of oil, gas and associated hydrocarbons from the Niobrara and Codell Formations. 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 66 West, 6th P.M.
Section 26: W½NW¼
Section 27: N½
Section 28: N½
Section 29: E½NE¼

A reference map of the Application Lands is attached as Exhibit B 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 further allows for overlapping horizontal wellbore spacing units. 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. June 6, 2016, the Commission entered Order No. 407-1704, which pooled all interests in an approximate 408.25-acre designated horizontal wellbore spacing units for the SW¼ and S½NW¼ of Section 21, and the NW¼ of Section 28, Township 7 North, Range 66 West, 6th P.M., and granted cost recovery pursuant to Section 34-60-116(7)(b), C.R.S., against any nonconsenting owners in the Thornton 21K-443 Well (API No. 05-123-37128), for the production of oil, gas, and associated hydrocarbons from the Codell Formation. Applicant requests that the Thornton 21K-443 Well continue to be governed, and proceeds continue to be distributed, in accordance with its applicable permits, rules and orders.

5. On January 30, 2017, the Commission entered Order No. 407-1895, which pooled all interests in two approximate 320-acre designated horizontal wellbore spacing units for the S½N½ and the N½S½ of Section 29, and the S½N½ and the N½S½ of Section 30, Township 7 North, Range 66 West, 6th P.M., and granted cost recovery pursuant to Section 34-60-116(7)(b), C.R.S., against any nonconsenting owners in the Thornton K-29-30HC Well and the Thornton L-29-30HN Well, for the production of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations. Applicant requests that the Thornton K-29-30HC Well and the Thornton L-29-30HN Well continue to be governed, and proceeds continue to be distributed, in accordance with their applicable permits, rules and orders.

6. On June 11, 2018, the Commission entered Order No. 407-2496, which pooled all interests in six designated horizontal wellbore spacing units covering certain lands in Sections 29, 20, 29, and 30, Township 7 North, Range 66 West, 6th P.M., and granted cost recovery pursuant to Section 34-60-116(7)(b), C.R.S., against any nonconsenting owners in the respective wells drilled within the units¹, for the production of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations. Applicant requests that the wells subject to this order continue to be governed, and proceeds continue to be distributed, in accordance with their applicable permits, rules and orders.

7. There are vertical and/or directional wells within the above-described 800-acre drilling and spacing unit producing from the Niobrara and/or Codell Formations. Applicant requests that these wells remain subject to their applicable Commission rules and orders such that proceeds

¹ Thornton A-29-30HN Well (API# 05-123-43605); Thornton B-29-30HC Well (API# 05-123-43611); Thornton C-29-30HN Well (API# 05-123-43610); Thornton D-29-30HN Well (API# 05-123-43604); Thornton E-29-30HC Well (API# 05-123-43597); and Thornton F-29-30HN Well (API# 05-123-43593).

from the sale of oil or gas from those wells shall continue to be distributed based on the applicable rules and orders.

8. To promote efficient drainage of the Niobrara and Codell Formations within the Application Lands and to assist in preventing waste, the Commission should establish an approximate 800-acre drilling and spacing unit covering the below-described Application Lands, and should approve up to ten horizontal wells within the unit, for production of oil, gas and associated hydrocarbons from the Niobrara and Codell Formations:

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

Section 26: W $\frac{1}{2}$ NW $\frac{1}{4}$

Section 27: N $\frac{1}{2}$

Section 28: N $\frac{1}{2}$

Section 29: E $\frac{1}{2}$ NE $\frac{1}{4}$

9. Applicant further requests that the treated interval of each wellbore permitted within the unit be located no closer than 150 feet from the treated interval of any other wellbore producing from the same common source of supply, including the wells drilled from the Thornton 28-H Pad (COGCC Facility #447778), and no closer than 460 feet from the unit boundary, without exception having been granted by the Director.

10. Applicant is the Operator of the wells drilled from the Thornton 28-H Pad (COGCC Facility #447778), and holds the leasehold in the N $\frac{1}{2}$ of Section 29, Township 7 North, Range 66 West, 6th P.M. Applicant maintains that the above requested well boundary setbacks will result in the greatest ultimate recovery of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations, while protecting correlative rights of all adjacent owners to the unit. Applicant requests authority to drill only those wells necessary to determine the well density which allows the most efficient drainage of the Niobrara and Codell 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 Applicant's requested number of wells. 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 be drilled and/or operated from one surface location within the unit and/or from a legal location on adjacent lands, without exception granted by the Director.

12. 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.

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 30 day of August, 2018.

Respectfully submitted,

WELBORN SULLIVAN MECK & TOOLEY, P.C.

By: _____


Joseph C. Pierzchala

Geoffrey W. Storm

Welborn Sullivan Meck & Tooley, P.C.

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Denver, CO 80202

303-830-2500

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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: Tyler Hammond, Landman

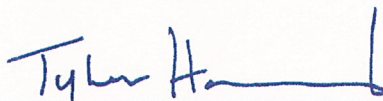
Phone: 303-893-2503

VERIFICATION

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

Tyler Hammond, 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.

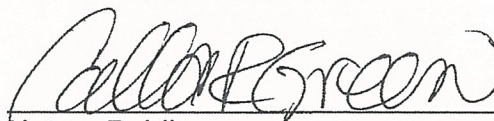
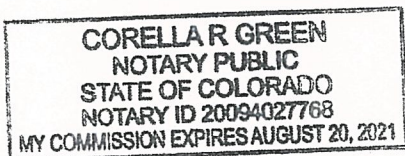
BAYSWATER EXPLORATION &
PRODUCTION, LLC



Tyler Hammond, Landman

Subscribed and sworn to before me this 30 day of August, 2018 by Tyler Hammond, Landman for Bayswater Exploration & Production, LLC

Witness my hand and official seal.



Notary Public

My Commission Expires: 8.20.21

EXHIBIT A

INTERESTED PARTIES

Weld County Department of Planning Services

Jason Maxey
1555 North 17th Avenue
Greeley, CO 80631

Colorado Department of Public Health and Environment

Attn: Oil and Gas Liaison
4300 Cherry Creek Drive South
Denver, CO 80246-1500

Colorado Parks and Wildlife

Brandon Marette
Northeast Region Office
6060 Broadway
Denver, CO 80216

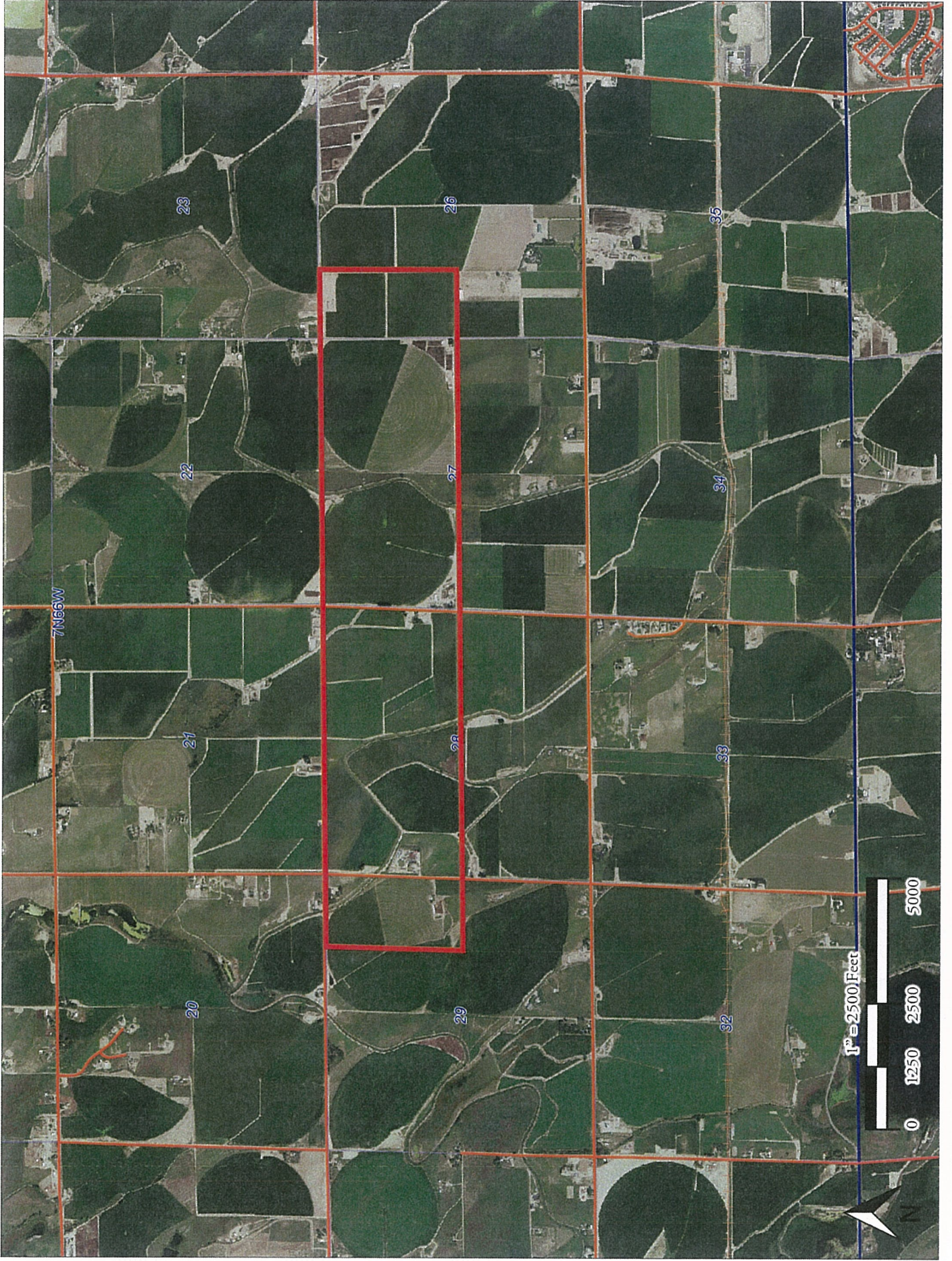
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EXHIBIT A CONTINUED ON NEXT PAGE

EXHIBIT A

INTERESTED PARTIES

Bayswater Resources LLC
Bayswater Fund III-A, LLC
PDC Energy, Inc.

Exhibit B - Application Lands



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. 181000822
ESTABLISHING AN APPROXIMATE 800-)	
ACRE DRILLING AND SPACING UNIT AND)	Type: SPACING
APPROVING TEN HORIZONTAL WELLS)	
WITHIN THE UNIT WITH WELL LOCATION)	
RULES FOR THE DRILLING AND)	
PRODUCING OF WELLS FROM THE)	
NIOBARRA AND CODELL FORMATIONS)	
COVERING CERTAIN LANDS IN SECTIONS)	
26, 27, 28, AND 29, TOWNSHIP 7 NORTH,)	
RANGE 66 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:

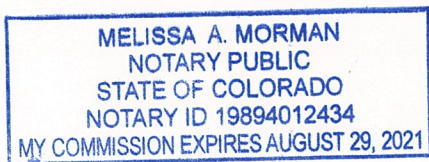
That I am the attorney for Bayswater Exploration & Production, LLC and that on or before September 6, 2018, I caused a copy of the attached Application to be deposited in the United States mail, postage prepaid, addressed to the parties listed on Exhibit A to the Application.

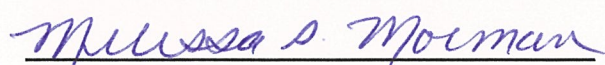


 Geoffrey W. Storm

Subscribed and sworn to before me September 19, 2018.

Witness my hand and official seal.





 Notary Public
 My commission expires: 8/29/2021