

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 1,440-ACRE DRILLING AND)
SPACING UNIT AND APPROVING TWENTY-)
SIX 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 25)
AND 26, TOWNSHIP 7 NORTH, RANGE 66)
WEST, 6TH P.M., AND SECTION 30,)
TOWNSHIP 7 NORTH, RANGE 65 WEST, 6TH)
P.M., WATTENBERG FIELD, WELD COUNTY,)
COLORADO)

Cause No. 407
Docket No. 181000831
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 1,440-acre drilling and spacing unit, and approving twenty-six 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 25: All
Section 26: E½E½

Township 7 North, Range 65 West, 6th P.M.
Section 30: All

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. On October 27, 2014, the Commission entered Order No. 407-1131, which pooled all interests in an approximate 160-acre designated horizontal wellbore spacing unit for the SE¼ of Section 30, Township 7 North, Range 65 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 Hawkstone 29-30DD Well (API No. 05-123-39048), for the production of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations. The Hawkstone 29-30DD Well is a directional well located in the SE¼ of Section 30. Applicant requests that the Hawkstone 29-30DD Well continue to be governed, and proceeds continue to be distributed, in accordance with its applicable rules and orders.

5. On October 4, 2014, the Commission approved two Form 2 Applications for Permits-to-Drill for the Waag #24 Well (API No. 05-123-40352) (WSU #1) and the Waag #25 Well (API No. 05-123-40347), and in so doing, established 318A designated wellbore spacing units for each well. The 318A spacing units cover lands within the Application Lands.

6. On July 20, 2015, the Commission entered Order No. 407-1397, which pooled all interests in two approximate 320-acre designated horizontal wellbore spacing units established for the Waag #24 Well and the Waag #25 Well, for the production of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations.

7. On July 20, 2015, the Commission entered Order No. 407-1397, which vacated Order No. 407-1397 as to the Waag #24 Well, and pooled all interests in an approximate 400-acre designated horizontal wellbore spacing unit established for the Waag #24 Well for the production of oil, gas, and associated hydrocarbons from the Niobrara Formation.

8. The Waag #24 Well and the Waag #25 Well are located outside of the Application Lands, and applicant requests that they continue to be governed, and that proceeds continue to be distributed, in accordance with their applicable permits, rules, and orders.

9. There are vertical and/or directional wells within the above-described 1,440-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 from the sale of oil or gas from those wells shall continue to be distributed based on the applicable rules and orders.

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

11. 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 1,440-acre drilling and spacing unit covering the below-described Application Lands, and should approve up to twenty-six 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 25: All

Section 26: E½E½

Township 7 North, Range 65 West, 6th P.M.

Section 30: All

12. 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, and no closer than 460 feet from the unit boundary, without exception having been granted by the Director.

13. 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.

14. 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.

15. 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.

1125 17th Street, Suite 2200

Denver, CO 80202

303-830-2500

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gstorm@wsmtlaw.com

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)

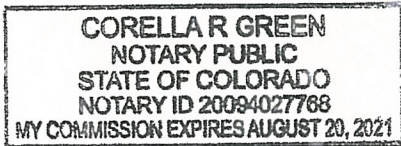
Tyler Hammond, Landman with Bayswater Exploration & Production, LLC upon oath deposes and says that he has read the foregoing Application and that the statements contained therein are true to the best of his knowledge, information and belief.

BAYSWATER EXPLORATION &
PRODUCTION, LLC

Tyler Hammond
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.



Corella R Green
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

Eaton Municipality

Gary A. Carsten
Town of Eaton
223 First Street
Eaton CO 80615

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

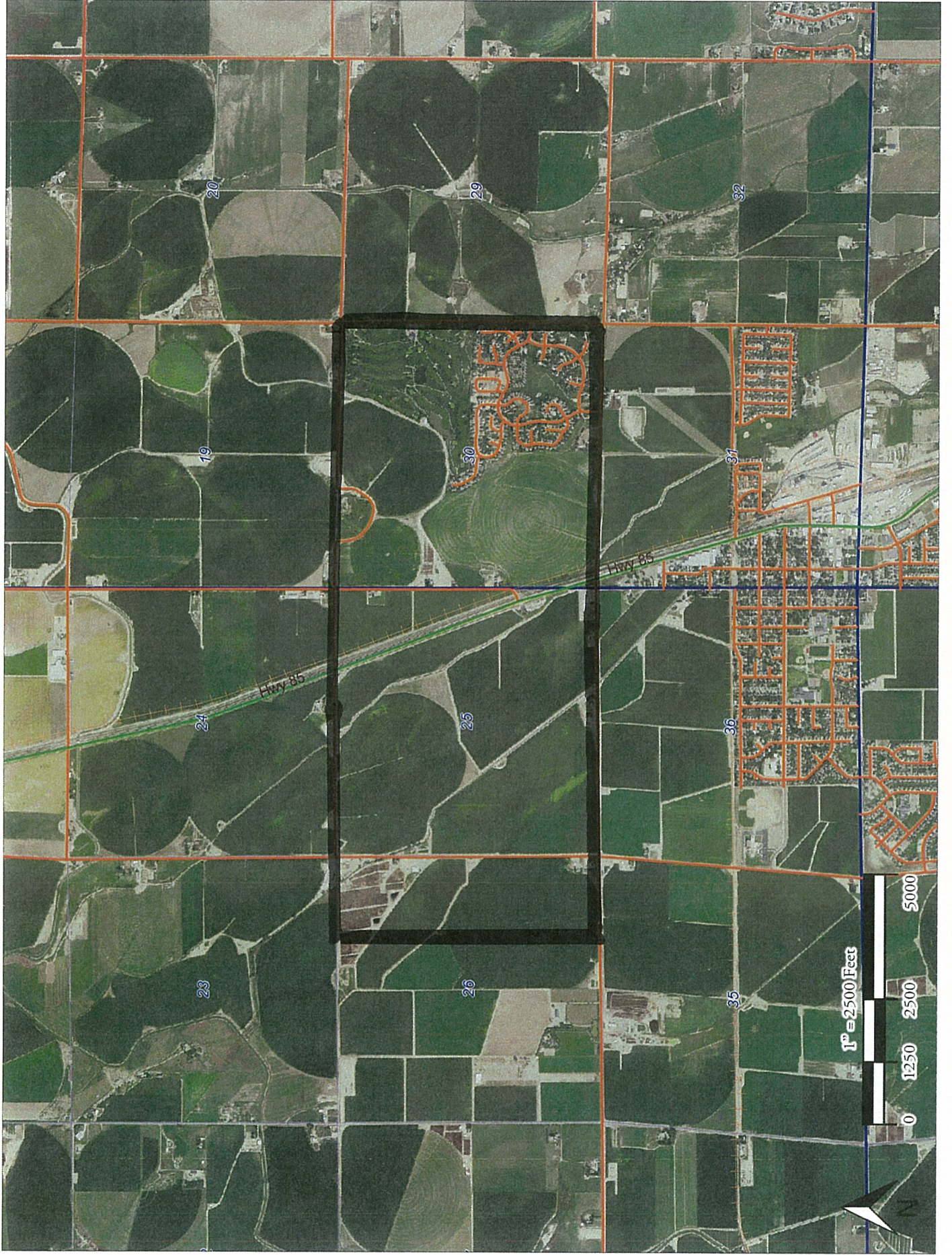
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EXHIBIT A CONTINUED ON NEXT PAGE

EXHIBIT A

INTERESTED PARTIES

Bayswater Resources LLC
Bayswater Fund III-A, LLC
Bayswater Exploration & Production, LLC
Bayswater Blenheim Holdings, LLC
Bayswater Blenheim Holdings II, LLC
PDC Energy, Inc.
Grizzly Petroleum Corporation, LLC
Extraction Oil & Gas, Inc.
Bell & Associates Land Leasing
Leland Colorado Holding, Inc.
Ranchers Exploration Partners, LLC
Colorado Department of Transportation
Wattenberg Drilling Fund, LLP
Wattenberg Drilling Fund II, LLP
United States of America
Schneider Energy Services, Inc
Chelsea Cartwright Miller and Matthew Keith Miller, JT
Mark M. Moore and Kristy J. Moore, JT
Michael T. Holton and Tracey Holton, JT
Sauk Investments
Marcus Rusch and Jacqueline M. Rusch, JT
Jeffery A. Cole II and Misty D. Cole, JT
Chris Montoya
Jerry L. Powers and Mary Jo Powers, JT
Tyler Reece Watterson
David Melusky and Christine Melusky
Howard H. Williams and Cheryl G. Williams
Derek S. Scott and Mona L. Scott
Scott T. Hanson
Kenneth Scott Gartrell and Dawn Renee Gartrell

Exhibit B - Application Lands



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OF THE STATE OF COLORADO

IN THE MATTER OF THE APPLICATION OF)
BAYSWATER EXPLORATION &)
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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)
25 AND 26, TOWNSHIP 7 NORTH, RANGE 66)
WEST, 6TH P.M., AND SECTION 30,)
TOWNSHIP 7 NORTH, RANGE 65 WEST,)
6TH P.M., WATTENBERG FIELD, WELD)
COUNTY, COLORADO)

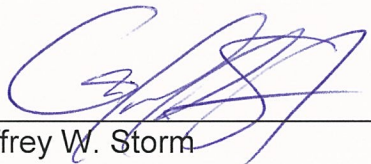
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AFFIDAVIT OF MAILING

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:

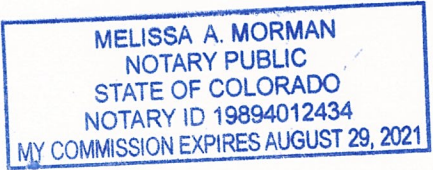
That I am the attorney for Bayswater Exploration & Production, LLC and that on or before September 16, 2018, I caused a copy of the attached Application to be deposited in the United States mail, postage prepaid, addressed to the parties listed on Exhibit A to the Application.

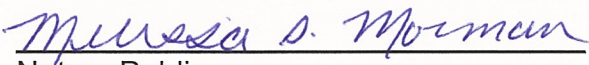


Geoffrey W. Storm

Subscribed and sworn to before me September 19, 2018.

Witness my hand and official seal.





Notary Public
My commission expires: 8/29/2021