

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

IN THE MATTER OF AN APPLICATION OF)	CAUSE NO. 407
BAYSWATER EXPLORATION &)	
PRODUCTION, LLC FOR AN ORDER)	DOCKET NO. 181000853
POOLING ALL INTERESTS IN THE)	
NIOBRARA AND CODELL FORMATIONS)	TYPE: POOLING
IN TWO APPROXIMATE 640-ACRE RULE)	
318A DESIGNATED WELLBORE SPACING)	
UNITS COVERING THE N½S½ AND THE)	
S½N½ OF SECTIONS 31 AND 32,)	
TOWNSHIP 7 NORTH, RANGE 66 WEST,)	
6TH P.M., WATTENBERG FIELD, WELD)	
COUNTY, COLORADO)	

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” or “COGCC”) for an order pooling all interests in two approximate 640-acre designated Rule 318A wellbore spacing units covering the N½S½ and the S½N½ of Sections 31 and 32, Township 7 North, Range 66 West, 6th P.M., for the production of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations. In support thereof, the Applicant states:

1. Applicant is a limited liability company 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 oil and gas leasehold interests in the following lands (“Application Lands”), are therefore owners of an interest in the mineral estate of the tracts to be pooled with standing to maintain this application pursuant to Commission Rule 503.b.(2), and have granted operating rights to Bayswater and authorized Bayswater to file this application on their behalf:

WSU Nos. 1 & 2

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

Section 31: N½S½, S½N½

Section 32: N½S½, S½N½

640.00 acres more or less

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. Rule 318A.a.(4)D. provides, in relevant part, that where a drilling and spacing unit does not exist for a horizontal well, the horizontal wellbore spacing unit shall be comprised of the governmental quarter-quarter sections in which the wellbore lateral penetrates the productive formation as well as any governmental quarter-quarter sections that are located less than four hundred sixty (460) feet from the portion of the wellbore lateral that penetrates the productive zone regardless of section or quarter section lines. Rule 318A.a.(4)D. further provides that a horizontal wellbore spacing unit may overlap portions of another horizontal wellbore spacing unit or other wellbore spacing unit designated in accordance with subsection a.(4)C.

4. Applicant intends to drill the following wells in the Application Lands in 2018, each of which is located in a separate Wellbore Spacing Unit ("WSU") established pursuant to Rule 318A:

(a) **WSU No. 1:** Hester Farms II K-31-32HN Well (API# 05-123-47398), Niobrara Formation;

(b) **WSU No. 2:** Hester Farms II L-31-32HC Well (API# 05-123-47391), Codell Formation;

(collectively, the "Wells").

5. Pursuant to the relevant provisions of Section 34-60-116(6) & (7), C.R.S., as amended, and Commission Rule 530, Applicant seeks an order pooling all interests in the Application Lands for the development and operation of the Niobrara Formation in WSU No. 1 and the Codell Formation in WSU No. 2.

6. Applicant certifies that, at least sixty (60) days prior to the date of the hearing for this Application, each owner which Applicant was able to locate, not already leased or voluntarily pooled, will be provided with the well proposal and information required by Section 34-60-116(7), C.R.S. and Commission Rule 530 and tendered a reasonable offer to lease (if an unleased mineral owner), or participate and bear costs associated with the drilling and completion of the Wells.

7. Applicant requests that a pooling order be entered as a result of this Application, that it be made effective as of the earlier of the date of this Application, or the date costs specified in Section 34-60-116(7)(b)(II), C.R.S., are first incurred for the drilling of each of the Wells, and that the order specify that a nonconsenting owner is immune from liability for costs arising from spills, releases, damage, or injury resulting from oil and gas operations on the unit.

8. The granting of this Application would be in accord with the Oil and Gas Conservation Act, found at Section 34-60-101, *et seq.*, C.R.S., as amended, and the Commission rules.

9. The names and addresses of the interested parties (persons who own an interest in the mineral estate of the tracts to be pooled, except owners of overriding royalty interest) are attached hereto and marked Exhibit A. Applicant certifies that copies of this Application will be served on all locatable interested parties within seven (7) days of the date hereof, as required by Commission Rule 507.b(2), and that at least sixty (60) days prior to the date of the hearing for this Application, each owner not already leased or voluntarily pooled will be offered the opportunity to lease, or to participate in the drilling of the Wells, and will be provided with the information required by Section 34-60-116(7), C.R.S. and Commission Rule 530.

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:

A. Pooling all interests in the Application Lands for the development and operation of the Niobrara Formation in WSU No. 1;

B. Pooling all interests in the Application Lands for the development and operation of the Codell Formation in WSU No. 2;

C. Providing that the pooling order is made effective as of the date of this Application, or the date that the costs specified in Section 34-60-116(7)(b)(II), C.R.S., are first incurred for the drilling of the following wells within the unit:

(a) **WSU No. 1:** Hester Farms II K-31-32HN Well (API# 05-123-47398), Niobrara Formation;

(b) **WSU No. 2:** Hester Farms II L-31-32HCWell (API# 05-123-47391), Codell Formation;

C. Providing that the interests of any owners, with whom the Applicant has been unable to secure a lease or other agreement to participate in the drilling of the Wells, are pooled and deemed nonconsent by operation of statute, pursuant to Section 34-60-116(7), C.R.S., and made subject to the cost recovery provisions thereof.

D. Providing that any nonconsenting owners within the WSUs are immune from liability for costs arising from spills, releases, damage, or injury resulting from oil and gas operations on the unit.

E. For such other findings and orders as the Commission may deem proper or advisable in the Application Lands.

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.

Attorneys for Applicant

1125 17th Street, Suite 2200

Denver, CO 80202

303.830.2500

jpierzchala@wsmtlaw.com

gstorm@wsmtlaw.com

Applicant's Address:

730 17th Street, Suite 500

Denver, Colorado 80202

Attn: Tyler Hammond, Landman

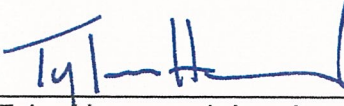
Phone: 720.881.4504

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.

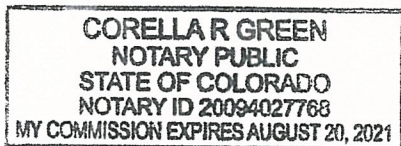
BAYSWATER EXPLORATION &
PRODUCTION, LLC



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.





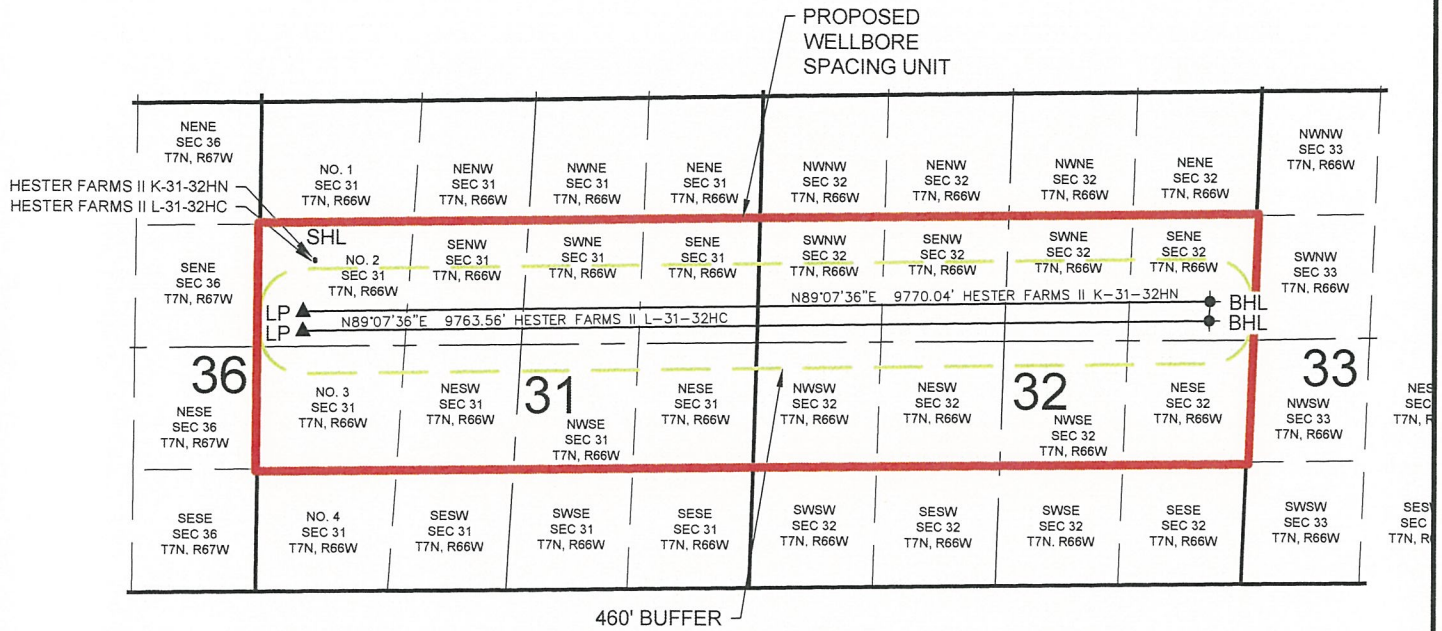
Notary Public
My Commission Expires: 8.20.21

EXHIBIT A

INTERESTED PARTIES

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

HESTER FARMS II 31-H PAD PROPOSED 318A.a.(4)D. SPACING UNIT SEC 31 & 32: S2N2, N2S2

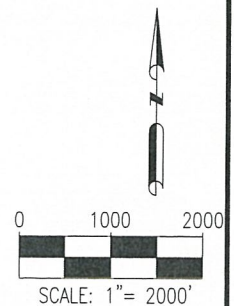


HESTER FARMS II K-31-32HN WELL TO BE LOCATED 1707' FNL AND 591' FWL, SEC 31, T7N, R66W
HESTER FARMS II L-31-32HC WELL TO BE LOCATED 1722' FNL AND 591' FWL, SEC 31, T7N, R66W

LEGEND

- = PROPOSED WELL
- ⊙ = BOTTOM HOLE
- ▲ = LANDING POINT
- SHL = SURFACE HOLE LOCATION
- BHL = BOTTOM HOLE LOCATION
- LP = LANDING POINT

DISCLAIMER:
THIS PLOT DOES NOT REPRESENT A MONUMENTED LAND SURVEY AND SHOULD NOT BE RELIED UPON TO DETERMINE BOUNDARY LINES, PROPERTY OWNERSHIP OR OTHER PROPERTY INTERESTS. PARCEL LINES, IF DEPICTED HAVE NOT BEEN FIELD VERIFIED AND MAY BE BASED UPON PUBLICLY AVAILABLE DATA THAT ALSO HAS NOT BEEN INDEPENDENTLY VERIFIED.



<p style="font-size: 8px; margin-top: 5px;">7535 Hilltop Circle Denver, CO 80221 (303) 928-7128 www.ascentgeomatics.com</p>	FIELD DATE: 06-01-17	SITE NAME: HESTER FARMS II 31-H PAD	PREPARED FOR: BAYSWATER EXPLORATION AND PRODUCTION, LLC
	DRAWING DATE: 11-22-17	SURFACE LOCATION: LOT 2 NW 1/4, SEC. 31, T7N, R66W, 6TH P.M. WELD COUNTY, COLORADO	
BY: DP	CHECKED: IJM		

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

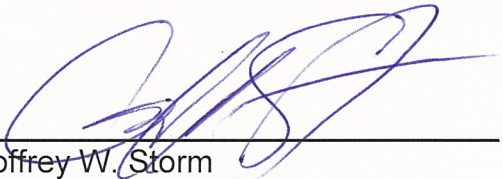
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AFFIDAVIT OF MAILING

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:

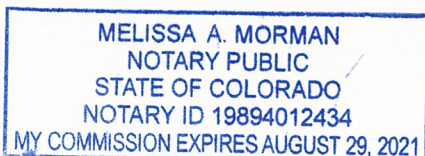
That I am the attorney for Bayswater Exploration & Production, LLC and that on or before September 6, 2018, I caused a copy of the attached Application to be deposited in the United States mail, postage prepaid, addressed to the parties listed on Exhibit A to the Application.

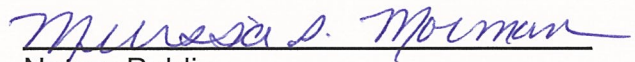


 Geoffrey W. Storm

Subscribed and sworn to before me September 19, 2018.

Witness my hand and official seal.





 Notary Public
 Commission Expires: 8/29/2021