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

IN THE MATTER OF THE AMENDED APPLICATION OF BAYSWATER EXPLORATION & PRODUCTION, LLC FOR AN ORDER ESTABLISHING AN APPROXIMATE 960-ACRE DRILLING AND SPACING UNIT AND APPROVING UP TO TWENTY-SIX 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 20 AND 21, TOWNSHIP 7 NORTH, RANGE 66 WEST, 6TH P.M., WATTENBERG FIELD, WELD COUNTY, COLORADO

CAUSE NO. 407
DOCKET NO. 200600150
TYPE: SPACING

AMENDED APPLICATION

Bayswater Exploration & Production, LLC ("Bayswater" or "Applicant"), Operator No. 10261, on behalf of Bayswater Resources LLC and Bayswater Fund IV-B, LLC, by its attorneys, Welborn Sullivan Meck & Tooley, P.C., respectfully submits this Amended Application to the Oil and Gas Conservation Commission of the State of Colorado ("Commission") for an order establishing an approximate 960-acre drilling and spacing unit for all of Section 20 and the W½ of Section 21, Township 7 North, Range 66 West, 6th P.M., and approving up to 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 Amended 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 IV-B, 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 20: All
   Section 21: W½

   Nearby Crossroads: 1.5 miles southwest of HWY 14 and CR 33 Between Local Road 27 and Local Road 31 (West and East of unit boundaries, respectively), and Local Road 80 and Local Road 78 (North and South of unit boundaries, respectively)
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 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 September 16, 2013, the Commission entered Order No. 407-857, which established an approximate 640-acre drilling and spacing unit for Section 20, Township 7 North, Range 66 West, 6th P.M., and approved a total of up to fourteen horizontal wells within the unit, for the production of oil, gas and associated hydrocarbons from the Codell-Niobrara Formation, with the productive interval of any wellbore located no closer than 150 feet from any other wellbore producing from the Codell and Niobrara Formations, and no closer than 460 feet from the unit boundaries, unless an exception is granted by the Director.

5. On June 6, 2016, the Commission entered Order No. 407-1704, which pooled all interests in an approximate 408.25-acre Rule 318A horizontal wellbore spacing unit comprised of certain lands including the SW¼ and S½NW¼ of Section 21, Township 7 North, Range 66 West, 6th P.M., and granted cost-recovery pursuant to Section 34-60-116(7), C.R.S. against any nonconsenting owners in the Thornton 21K-443 Well (API No. 05-123-37128), for production of oil, gas, and associated hydrocarbons from the Codell Formation. Applicant maintains that Order No. 407-1704 is unaffected by this Amended Application, and that Rule 318A allows for overlapping units. Applicant requests that the Thornton 21K-443 continue to be operated, and that any proceeds continue to be distributed, in accordance with its applicable permits, rules, and orders. Further, Applicant’s operations plans for the proposed drilling and spacing unit covering the Application Lands include directing the permitted wells within the unit around the wellbore for the Thornton 21K-443 Well. Applicant will describe these plans with particularity in its Rule 511 Testimony.

6. On October 24, 2016, the Commission entered Order No. 407-1817, which vacated Order No. 407-857, and established an approximate 800-acre drilling and spacing unit for all of Section 20 and the NW¼ of Section 21, Township 7 North, Range 66 West, 6th P.M., and approved a total of up to 16 horizontal wells within the unit, for the production of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formations. Section 20 and the NW¼ of Section 21 are subject to this Order.

7. On June 11, 2018, the Commission entered Order No. 407-2496, which, among other things, pooled all interests in an approximate 665.92-acre Rule 318A horizontal wellbore spacing unit comprised of certain lands including the S½S½ of Section 20, Township 7 North, Range 66 West, 6th P.M., and granted cost-recovery pursuant to Section 34-60-116(7), C.R.S. against any nonconsenting owners in the Thornton A-29-30HN Well (API# 05-123-43605) and the Thornton B-
29-30HC Well (API# 05-123-43611), for production of oil, gas, and associated hydrocarbons from the Niobrara and Codell Formation, respectively. Applicant maintains that order No. 407-2496 is unaffected by this Amended Application, and that Rule 318A allows for overlapping units. Applicant requests that the Thornton A-29-30HN Well and the Thornton B-29-30HC Well continue to be operated, and that proceeds continue to be distributed, in accordance with its applicable permits, rules, and orders.

8. On or about January 12, 2019, the Commission approved a Form 2 Application for Permit to Drill the Leffler C-26-28HN Well (API No. 05-123-38282). In approving the Form 2 for the Leffler C-26-28HN Well, the Commission administratively approved an approximate 800-acre Rule 318A horizontal wellbore spacing unit comprised of certain lands including the SE¼SE¼ of Section 20 and the S½S½ of Section 21, Township 7 North, Range 66 West, 6th P.M. Applicant maintains that the Leffler C-26-28HN Well unit is unaffected by this Amended Application, and that Rule 318A allows for overlapping units. Applicant requests that the Leffler C-26-28HN Well continue to be operated, and that proceeds continue to be distributed, in accordance with its applicable permits, rules, and orders.

9. On or about March 29, 2019, the Commission approved a Form 2 Application for Permit to Drill the Leffler BA-26-28HN Well (API No. 05-123-50038). In approving the Form 2 for the Leffler BA-26-28HN Well, the Commission administratively approved an approximate 800-acre Rule 318A horizontal wellbore spacing unit comprised of certain lands including the SE¼SE¼ of Section 20 and the S½S½ of Section 21, Township 7 North, Range 66 West, 6th P.M. Applicant maintains that the Leffler BA-26-28HN unit is unaffected by this Amended Application, and that Rule 318A allows for overlapping units. Applicant requests that the Leffler BA-26-28HN Well continue to be operated, and that proceeds continue to be distributed, in accordance with its applicable permits, rules, and orders.

10. On or about March 29, 2019, the Commission approved a Form 2 Application for Permit to Drill the Leffler A-26-28HN Well (API No. 05-123-50039). In approving the Form 2 for the Leffler A-26-28HN Well, the Commission administratively approved an approximate 800-acre Rule 318A horizontal wellbore spacing unit comprised of certain lands including the SE¼SE¼ of Section 20 and the S½S½ of Section 21, Township 7 North, Range 66 West, 6th P.M. Applicant maintains that the Leffler A-26-28HN unit is unaffected by this Amended Application, and that Rule 318A allows for overlapping units. Applicant requests that the Leffler A-26-28HN Well continue to be operated, and that proceeds continue to be distributed, in accordance with its applicable permits, rules, and orders.

11. On or about August 24, 2019, the Commission approved a Form 2 Application for Permit to Drill the Stout 16N Well (API No. 05-123-50486). In approving the Form 2 for the Stout 16N, the Commission administratively approved an approximate 640-acre Rule 318A horizontal wellbore spacing unit comprised of certain lands including the W½W½ of Section 20, Township 7 North, Range 66 West, 6th P.M. Applicant maintains that the Stout 16N Well unit is unaffected by this Amended Application, and that Rule 318A allows for overlapping units. Applicant requests that the Stout 16N Well continue to be operated, and that proceeds continue to be distributed, in accordance with its applicable permits, rules, and orders.
12. On March 19, 2020, the Commission entered Order No. 407-3046, which among other things, dismissed an Application at Docket No. 190700508. The Order provided that nothing in Order No. 407-3046 would prevent the applicant in Docket No. 190700508 from submitting a new application seeking the same relief.

13. To promote efficient drainage of the Niobrara and Codell Formations within the Application Lands and to assist in preventing waste, the Commission should vacate an approximate 800-acre drilling and spacing unit established by Order No. 407-1817 for all of Section 20 and the NW¼ of Section 21, Township 7 North, Range 66 West, 6th P.M., and establish an approximate 960-acre drilling and spacing unit covering the below-described Application Lands, and approve up to twenty-six horizontal wells within the unit, for production of oil, gas and associated hydrocarbons from the Niobrara and Codell Formations, with the treated interval of each wellbore permitted within the unit located no closer than 150 feet from the treated interval of any other wellbore producing from the same common source of supply, no closer than 150 feet from the eastern and western unit boundaries, and no closer than 460 feet from the northern and southern unit boundaries, without exception having been granted by the Director:

   Township 7 North, Range 66 West, 6th P.M.
   Section 20: All
   Section 21: W½

14. Applicant requests that the wells be drilled from no more than one multi-well pad located within the unit or at a legal locations on adjacent lands. Applicant’s intended surface location, the Farm #49N, lies in the NW¼SE¼ and SW¼SE¼ of Section 21, Township 7 North, Range 66 West, 6th P.M., within unincorporated Weld County, Colorado. Weld County is the local government with jurisdiction over the Locations. Weld County has waived its right to have Weld County Oil and Gas Location Assessment (“WOGLA”) permitting complete (“disposition”) prior to DSU approval as contemplated by C.R.S. §34-60-116(1)(b). Applicant’s intended surface locations will be described with particularity in Applicant’s Rule 511 testimony, and Applicant intends to file a Form 2A consistent with this location.

15. Applicant intends to file Form 2 Applications for Permits-to-Drill consistent with the relief sought by this Amended Application.

16. Applicant maintains that the Amended Application will allow for efficient drainage of the Niobrara and Codell Formations, will prevent waste, will protect correlative rights, and will assure a greater ultimate recovery of oil, gas and associated hydrocarbons.

17. Applicant maintains that the wells within the unit will be drilled in a east-west orientation.

18. The drilling and spacing unit is not smaller than the maximum area that can be drained by the wells within the unit drilled to the requested boundary setbacks, and Applicant’s request will have no adverse effect on correlative rights of adjacent owners.

19. Applicant maintains that this Amended Application complies with Section 34-60-106(2.5)(a), C.R.S., and will submit sworn written testimony in specific satisfaction of this requirement.

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20. Applicant owns or has secured the consent of more than 45% of the leasehold and/or working interest within the Application Lands. Applicant may file a statutory pooling application in the unit.

21. There are vertical and/or directional wells within the above-described Application Lands 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.

22. The names and addresses of the interested parties, pursuant to Rule 507.b.(1), Rule 507.c., and Rule 507.d., will be submitted to the Commission in accordance with Rule 507.a.(2). Applicant certifies that copies of this Amended Application will be served on all locatable interested parties at least sixty (60) days prior to the date of the hearing for this Amended Application, as required by Rule 507.a.(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 17 day of June, 2020.

Respectfully submitted,

WELBORN SULLIVAN MECK & TOOLEY, P.C.

By:

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

BAYSWATER EXPLORATION & PRODUCTION, LLC

[Signature]

Tyler Hammond, Landman
Township 7 North, Range 66 West, 6th P.M.
Sections: 20 (All) and 21 (W2)
Niobrara and Codell Formations
Weld County, CO, Wattenberg Field,
Nearby Crossroad: Between Local Road 27 and
Local Road 31 (West and East of unit
boundaries, respectively), and Local Road
80 and Local Road 78 (North and South of
unit boundaries, respectively)