

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

IN THE MATTER OF THE APPLICATION)	
OF BONANZA CREEK ENERGY OPERATING)	
COMPANY, LLC, FOR AN ORDER DECREASING)	
THE SIZE OF DRILLING AND SPACING UNITS)	CAUSE NOS. 232, 407 & 499
FOR THE PRODUCTION OF OIL AND GAS)	ORDER NO. 232-_____
FROM THE "J" SANDSTONE AND DAKOTA)	407-_____
FORMATIONS, AND INCREASING THE SIZE)	499-_____
OF CERTAIN DRILLING AND SPACING UNITS)	
FOR THE CODELL AND NIOBRARA)	
FORMATIONS UNDERLYING CERTAIN)	
LANDS IN WELD COUNTY, COLORADO)	

APPLICATION

The Applicant, Bonanza Creek Energy Operating Company, LLC (ABCEOC@) by and through its undersigned counsel, respectfully petitions the Oil and Gas Conservation Commission of the State of Colorado (the ACommission@) as follows:

BACKGROUND

Existing Leasehold Interest and Wells.

1. BECOC owns leases covering the oil and gas, from the surface to the base of the "J" Sand formation, under the SE $\frac{3}{4}$ of Section 9, Township 4 North, Range 63 West, 6th. P.M., Weld County, Colorado (the "SE $\frac{1}{4}$ " and "Section 9" respectively). The SW $\frac{1}{4}$ of Section 9 appears to be unleased.
2. Anadarko E&P Company LP owns all of the minerals underlying the S $\frac{1}{2}$ of Section 9.
3. At the time of this application, the Bonanza Creek Champlin #1 well, located in the SE $\frac{3}{4}$ SE $\frac{3}{4}$ of Section 9, is producing from the Niobrara formation; proceeds of production have been paid on a 160-acre basis, to owners in the SE $\frac{1}{4}$.
4. No other wells have been drilled or are producing from formations under the S $\frac{2}{2}$ of Section 9.

Existing Commission Orders

5. In Cause No. 232 by Orders No. 232-1 and 232-89, the Commission established 320-acre drilling and spacing units for production of oil and gas from the "J" Sand formation underlying Section 9.
6. In Cause No. 407 by Orders No. 407-1 and 407-125, the Commission established 80-acre drilling and spacing units for production of oil and gas from the Codell and Niobrara formation underlying Section 9.

7. In Cause No. 499 by Orders No. 499-1 and 499-15, the Commission established 320-acre drilling and spacing units for production of oil and gas from the Dakota Formation underlying Section 9.

8. According to the records of the Commission, the S½ and N½ are the declared spacing units for Dakota and "J@ Sand production in Section 9.

9. According to the records of the Commission, there are no spacing units established or declared for production for Codell and Niobrara production in the SE3 of Section 9.

10. Commission Rule 318A allows up to five wells to be drilled in each governmental quarter section of Section 9, to Cretaceous formations above the base of the Dakota formation, including the Codell, Niobrara, AJ@ Sand and Dakota formations.

11. Commission Rule 318A further provides that when drilled to the center of a quarter-section in Section 9 an operator may, among other things, form a voluntary drilling unit composed of the quarter section, or apply to the Commission to form an alternative drilling unit.

SPACING REQUEST

12. Colorado Revised Statute Section 34-60-116(4) authorizes the Commission to decrease or increase the size of drilling units in order to prevent or assist in preventing waste, avoid the drilling of unnecessary wells, and/or protect correlative rights.

13. BECOC requests that the Commission enter an Order reducing the size of drilling and spacing units for the AJ@ Sand and Dakota formations in Section 9, by segregating and establishing separate 160-acre drilling and spacing units comprised of the SW¼ and SE¼ of Section 9.

14. BECOC further requests that the Commission establish a 160-acre drilling and spacing unit for production from the Codell and Niobrara formations consisting of the SE¼ of Section 9.

15. The requested 160-acre units correspond to leasehold ownership and will not be in conflict with the unit upon which royalty has been paid to date on Niobrara production from the existing Bonanza Creek Champlin #1 well.

16. By establishing and maintaining units of the same size for all Cretaceous formations, commingling of production from two or more of the four formations through a single wellbore may be done without concern for the fair and just allocation of production from such various formations for the payment of royalties.

17. As testimony before the Commission has previously established, 160-acre drilling units are not less than the maximum area than can be efficiently, economically and effectively drained by a single well producing oil, gas and associated hydrocarbons from the Dakota, AJ@ Sand, Codell and Niobrara formations underlying the S½ of Section 9.

18. The establishment of such units will prevent or assist in preventing waste by assuring that all potential locations may be drilled without prejudice to the rights of other leasehold or mineral owners, and ensuring that the pool as a whole may be efficiently and economically developed.

19. The establishment of such units will protect the correlative rights of both leasehold owners and mineral owners.

20. The names and addresses of the interested parties, based upon Applicants' information and belief, are set forth on the annexed Exhibit "A."

REQUEST FOR HEARING AND ORDER

WHEREFORE, BECOC prays that this matter be set for hearing on January 15, 2008, that Notice of said Hearing be given as required by law, and that following such Hearing the Commission enter an Order amending Orders No. 232-1 and 232-20, 407-1 and 407-125, 493-2, 499-1 and 499-15 to:

1. Establish 160-acre drilling and spacing units comprised of the SW $\frac{1}{4}$ and SE $\frac{1}{4}$ of Section 9, Township 4 North, Range 63 West, 6th P.M., Weld County, Colorado, for the production of oil and gas from the Dakota, and A.J. Sand formations;
2. Establish a 160-acre drilling and spacing units consisting of the SE $\frac{1}{4}$ of Section 9 for production of oil and gas from the Codell and Niobrara formations; and
3. Permit multiple completion and downhole commingling of production from the Dakota, A.J. Sand, Codell and Niobrara formations underlying the S $\frac{1}{2}$ of said Section 9.
4. For such other orders and relief as the Commission deems appropriate with respect to the foregoing requests.

RESPECTFULLY SUBMITTED this 26th day of November, 2007.

LOHF SHAIMAN JACOBS HYMAN & FEIGER PC

By: _____

J. Michael Morgan #7279
950 South Cherry Street, Suite 900
Denver, Colorado 80246
(303) 753-9000
(303) 75-9997 (fax)
mmorgan@lohfshaiman.com

Address of Applicant:

Bonanza Creek Energy Operating Company LLC
410 17th Street, Suite 1380
Denver, CO 80202

VERIFICATION

STATE OF COLORADO)
)
COUNTY OF WELD) ss

The undersigned, of lawful age, having been first sworn upon his oath, deposes and states that:

1. He is a Certified Professional Landman who maintains his office at 8203 West 20th Street, Suite B, Greeley, Colorado 80634.
2. He is a consultant for the Applicant, Bonanza Creek Energy Operating Company, LLC.
3. He has read the within application, is familiar with the facts set forth therein, and states that said facts are true and correct to the best of his knowledge and belief.

Further Affiant sayeth not.

William G. Crews

Subscribed and sworn to before me this _____ day of November, 2007.

Witness my hand and official seal.

My commission expires:

Notary Public

CERTIFICATE OF MAILING

I hereby certify that on the 26th day of November, 2007, a true and correct copy of the foregoing was mailed via U.S. First-Class Mail, postage prepaid, to the following:

Bonanza Creek Energy Operating Company LLC
410 17th Street, Suite 1380
Denver, CO 80202

Lee Morrison, Esq.
Weld County Commissioner Office
P.O. Box 758
Greeley, CO 80634

Anadarko E&P Company LP
P.O. Box 9149
The Woodlands, TX 77387-9147

Joann A. Fiscus
25867 County Road 12, Rt 1
Sterling CO 80751

Flame Royalties, Inc.
P.O. Box 702281
Tulsa OK 74170-2281

Thomas S. Yancy Sr.
2552 E. Alameda Ave #29
Denver CO 80209

Pamela Brown Sankey, Co-Trustee
Carolyn Brown Hawken, Co-Trustee
The Sankey Trust
3025 W. Alpine Drive
Bellingham, WA 98226

Carolyn Brown Hawken, Co-Trustee
Pamela Brown Sankey, Co-Trustee
The Hawken Trust
6067 S. Campbell Lake Road
Anacortes, WA 98221

Tonja L. Hoisington, Paralegal

Exhibit A

Application of Bonanza Creek Energy Operating Company LLC

Applicant: Bonanza Creek Energy Operating Company LLC
410 17th Street, Suite 1380
Denver, CO 80202

Applicant's Attorney: J. Michael Morgan, Esq.
Lohf Shaiman Jacobs Hyman & Feiger PC
950 South Cherry Street, Suite 900
Denver, CO 80246

Local Government Designee: Lee Morrison, Esq.
Weld County Commissioner Office
P.O. Box 758
Greeley, CO 80634

Interested Parties in SW $\frac{1}{4}$ of Section 9, Township 4 North, Range 63 West, 6th P.M.

Mineral Owners - SW $\frac{3}{4}$

Anadarko E&P Company LP
P.O. Box 9149
The Woodlands, TX 77387-9147

Oil and Gas Lessees - SW $\frac{3}{4}$

Unleased

Overriding royalty Owners - SW $\frac{3}{4}$

None

Interested Parties in SE $\frac{1}{4}$ of Section 9, Township 4 North, Range 63 West, 6th P.M.

Mineral Owners - SE $\frac{3}{4}$

Anadarko E&P Company LP
P.O. Box 9149
The Woodlands, TX 77387-9147

Oil and Gas Lessees - SE3

Bonanza Creek Energy Operating Company (Applicant)

Overriding royalty Owners - SE3

Joann A. Fiscus
25867 County Road 12, Rt 1
Sterling CO 80751

Flame Royalties, Inc.
P. O. Box 702281
Tulsa OK 74170-2281

Thomas S. Yancy Sr.
2552 E. Alameda Ave #29
Denver CO 80209

Pamela Brown Sankey and Carolyn Brown Hawken as Trustees
of the Sankey Trust under Sankey Trust Agreement dated August 17, 1986
3025 W. Alpine Drive
Bellingham, WA 98226

Carolyn Brown Hawken and Pamela Brown Sankey as Trustees
of the Hawken Trust under Hawken Trust Agreement dated August 17, 1986
6067 S. Campbell Lake Road
Anacorettes, WA 98221