

**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)
ESTABLISHING DRILLING AND SPACING)
UNITS AND ESTABLISHING WELL LOCATION)
RULES FOR THE CODELL AND NIOBRARA)
FORMATIONS OF CERTAIN DESCRIBED)
LANDS LOCATED IN TOWNSHIPS 5 NORTH)
AND 6 NORTH, RANGES 61 WEST AND)
62 WEST IN WELD COUNTY, COLORADO)

Cause No. _____

Docket No. _____

APPLICATION

Bonanza Creek Energy Operating Company LLC ("Bonanza") by and through its attorneys, Lohf Shaiman Jacobs Hyman & Feiger PC, respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado (the "Commission") for an order establishing approximately 640-acre drilling and spacing units and establishing well location rules applicable to the drilling and producing of wells from the Codell and Niobrara Formations covering certain lands in Weld County, Colorado. In support of its Application, Bonanza states as follows:

1. Bonanza is a limited liability company duly authorized to conduct business in the State of Colorado.
2. Bonanza owns leasehold interests in the lands described in the annexed Exhibit B (the "Application Lands").
3. Rule 318A(a)(4)(C) of the Commission requires that when a well is drilled to an unspaced formation, the operator shall designate a drilling and spacing unit not small than a governmental quarter-section, if the well is proposed to be located greater than four hundred sixty (460) feet from the quarter-quarter section boundary in which it is located. This Rule applies to the Application Lands.
4. On information and belief, there are no Commission orders specifically applicable to the Codell or Niobrara Formations underlying the Application Lands.
5. For purposes of this Application, the Codell Formation in the Application Lands is defined as the stratigraphic equivalent of the interval between 6242 feet and 6248 feet as found in the Pronghorn 43-6 Well located in Township 5 North, Range 61 West, Section 6: NE/4 SE/4. The Codell Formation is a common source of supply underlying the Application Lands.
6. For purposes of this Application, the Niobrara Formation in the Application Lands is defined as the stratigraphic equivalent of the interval between 5950 feet and 6204 feet as found in the Pronghorn 43-6 Well located in Township 5 North, Range 61 West, Section 6: NE/4 SE/4. The Niobrara Formation is a common source of supply underlying the Application Lands.
7. To promote efficient drainage of the Codell and Niobrara Formations of the Application Lands, to protect correlative rights and avoid waste, the Commission should establish drilling and spacing units of approximately 640 acres, as more particularly described in the annexed Exhibit B.

8. Bonanza has drilled and completed wells in the Codell and Niobrara Formations of the Application Lands.

9. The above-proposed drilling and spacing units will allow efficient drainage of the Codell and Niobrara Formations; will prevent waste; will not adversely affect correlative rights of any owner, and will assure the greatest ultimate recovery of oil, gas and associated hydrocarbon substances from the reservoirs.

10. Drilling and spacing units of the size and shape specified above are not smaller than the maximum area that can be economically and efficiently drained by a single well in each proposed drilling and spacing unit.

11. Bonanza requests an order allowing it to drill and complete one horizontal well in each of the established 640-acre drilling and spacing units in the Application Lands. Each proposed horizontal well shall be drilled in the designated drilling and spacing unit, with initial penetration of the Codell and Niobrara Formations and an ultimate bottom-hole location no closer than four hundred sixty (460) feet from the boundaries of the drilling and spacing unit.

12. The proposed wells can be developed in a manner consistent with protection of the environment, public health, safety and welfare.

13. The names and addresses of the interested parties according to the information and belief of Bonanza are set forth in the annexed Exhibit A. The undersigned certifies that copies of this Application shall be served on each interested party within the next seven days as required by Rule 503.e.

WHEREFORE, Bonanza respectfully requests that this matter be set for hearing, that notice be given as required by law, and upon such hearing this Commission enter its order consistent with Bonanza's requests set forth above.

Respectfully submitted this 1st day of September, 2010.

LOHF SHAIMAN JACOBS HYMAN & FEIGER PC

By: _____

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EXHIBIT "A"

TO APPLICATION OF BONANZA CREEK ENERGY OPERATING COMPANY LLC

Applicant:

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Applicant's Attorney:

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Local Government Designee:

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P O Box 2197
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Exhibit “B”

TO APPLICATION OF BONANZA CREEK ENERGY OPERATING COMPANY LLC

LIST OF DRILLING AND SPACING UNITS

Township 5 North, Range 61 West 6th P. M.
Sections 3-10, 12, 15-18

Township 5 North, Range 62 West 6th P. M.
Sections 1-2, 11-13, 15 and 24

Township 6 North, Range 62 West 6th P. M.
Section 36

VERIFICATION

STATE OF CALIFORNIA)
)
COUNTY OF KERN) **ss.**

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

1. He is Vice President-land of the Applicant, Bonanza Creek Energy Operating Company LLC, and that he maintains his office at 4900 California Avenue, Suite 350B, Bakersfield, California 93309.

2. 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.

R. Michael McPhetridge

Subscribed and sworn to before me this _____ day of September, 2010.

Witness my hand and official seal.

My commission expires: _____

Notary Public

CERTIFICATE OF MAILING

I hereby certify that on the 1st day of September, 2010, a true and correct copy of the foregoing was mailed via U.S. First-Class Mail, postage prepaid, to the following:

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