

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

IN THE MATTER OF THE PROMULGATION AND)	CAUSE NO. 407
ESTABLISHMENT OF FIELD RULES TO GOVERN)	
OPERATIONS IN THE WATTENBERG FIELD)	DOCKET NO. 1205-SP-__
AREA, WELD COUNTY, COLORADO)	

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 well density and well location rules applicable to the drilling and producing of horizontal wells from the Niobrara Formation covering certain lands in Weld County, Colorado. In support of its Application Bonanza states as follows:

1. Bonanza is a limited liability company duly organized and authorized to conduct business in the State of Colorado.

2. Bonanza owns oil and gas leasehold interests in the following fifteen (15) sections in Weld County, Colorado (the "Application Lands").

Township 5 North, Range 61 West 6th P. M.
Sections 4 -7, 9, 10 &15-18: All

Township 5 North, Range 62 West 6th P. M.
Sections 2, 12, 13, 15 & 24: All

3. By Order 407-380, effective November 29, 2010, the Commission established the Application Lands as fifteen (15) separate 640-acre drilling and spacing units for production of oil, gas and associated hydrocarbons from horizontal wells to the Niobrara Formation. The Order authorized the drilling of one optional horizontal well in each such unit, with the surface location anywhere on the unit, and with a bottomhole location and the horizontal leg of such well to be no closer than 460 feet from the boundaries of the unit.

4. Bonanza has since drilled, or is in the process of permitting and drilling, horizontal wells to the Niobrara formation in nine (9) sections of the Application Lands.

5. §34-60-116(4) C.R.S. authorizes the Commission to permit additional wells to be drilled within established drilling and spacing units in order to prevent or assist in preventing waste.

6. Commission Rule 318A(i).m. provides that horizontal wellbore laterals shall be located no less than one hundred fifty (150) feet from any existing or permitted oil and gas wellbore. The Application Lands are subject to Rule 318(1).m.

7. Bonanza requests that it be authorized to drill and complete one or more additional horizontal wells in each 640-acre drilling and spacing unit of the Application Lands as necessary to economically and efficiently recover oil, gas and associated hydrocarbons from the Niobrara Formation, to prevent waste and to protect correlative rights.

8. Bonanza requests that it be authorized to locate surface facilities for the proposed horizontal wells anywhere within the unit or on surrounding lands, but the completed interval of any horizontal well shall be no closer than 460-feet from the boundaries of the unit, and the distance between the completed interval of any horizontal well shall be no closer than one hundred fifty (150) feet from the wellbore of any existing or permitted oil and gas well.

9. Bonanza further requests that horizontal wells under the requested order be drilled from no more than two surface pads per governmental half-section, as designated by the operator, with wells on each pad to be drilled at surface location within 50 feet of an adjacent well, absent a showing of good cause, which shall include surface owner consent.

10. The above-proposed density and location rules will allow efficient drainage of the Niobrara Formation in the Application Lands; 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.

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

12. 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, upon such hearing this Commission enter its order consistent with Bonanza's requests set forth above, and the Commission enter such other relief as may be appropriate.

Respectfully submitted this 29th day of March, 2012.

LOHF SHAIMAN JACOBS HYMAN & FEIGER PC

By: _____

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Address of Applicant:

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EXHIBIT "A"

TO APPLICATION OF BONANZA CREEK ENERGY OPERATING COMPANY LLC

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Applicant's Attorney: J. Michael Morgan, Esq.
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Local Government Designee: Bruce T. Barker, Esq.
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Conoco Phillips Company
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VERIFICATION

STATE OF COLORADO)
)
CITY AND COUTY OF DENVER) **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 29th day of March, 2012.

Witness my hand and official seal.

My commission expires: _____

Notary Public

CERTIFICATE OF MAILING

I hereby certify that on the 29th day of March, 2012, a true and correct copy of the foregoing Application was mailed via U.S. First-Class Mail, postage prepaid, to the following:

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