

**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 CONFIRMING)	
640 ACRE DRILLING AND SPACING UNITS AND)	CAUSE NO. 407
AUTHORIZING THE DRILLING OF ONE OR)	
MORE ADDITIONAL HORIZONTAL WELLS TO)	
THE NIOBRARA FORMATION IN EACH SUCH)	DOCKET NO. 1301-AW-__
UNIT, LOCATED IN THE WATTENBERG FIELD,)	
TOWNSHIPS 4 & 5 NORTH, RANGES 62 & 63)	
WEST OF THE 6TH P.M., WELD COUNTY,)	
COLORADO)	

VERIFIED APPLICATION

Bonanza Creek Energy Operating Company LLC ("Bonanza") by and through its attorneys, Lohf Shaiman Jacobs Hyman & Feiger PC, respectfully submits its Verified Application to the Oil and Gas Conservation Commission of the State of Colorado (the "Commission") for an order confirming approximate 640-acre spacing units consisting of each section in the Application Lands, and authorizing the drilling and completion of one or more additional horizontal wells in each such unit for production of oil, gas and associated hydrocarbons from the Niobrara Formation in the Wattenberg Field, Weld County, Colorado. In support of its Verified 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 eight (8) sections in Weld County, Colorado (the "Application Lands"):

Township 4 North, Range 63 West 6th P. M.
Sections 1, 2 & 12

Township 4 North, Range 62 West 6th P. M.
Sections 5

Township 5 North, Range 62 West 6th P. M.
Sections 17, 21, 29 & 31

3. By Order 407-538, entered effective January 23, 2012, the Commission established the Application Lands as 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 up to two horizontal wells in each such unit, with the surface location anywhere on the unit, and the treated interval of the permitted wellbore to be no closer than 460 feet from the boundaries of the unit, without regard to lease lines within the unit, and no closer than 150 feet from the completed interval of another well producing from the same common source of supply, without exception being granted by the Director.

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

5. Bonanza has also since discovered that certain interested parties were unintentionally omitted from the notice list for the Applications in Commission Docket 1201-SP-01 upon which Order 407-538 was based. To the information and belief of Bonanza, all interested parties, including the previously omitted parties, are listed on **Exhibit "A"** to this Application.

6. The grounds upon which Bonanza sought the above-referenced spacing Order continue to exist, specifically:

A. 640-acre drilling and spacing units allow efficient drainage of the Niobrara Formation; prevent waste; do not adversely affect correlative rights of any owner, and assure the greatest ultimate recovery of oil, gas and associated hydrocarbon substances from the reservoirs.

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

7. Bonanza therefore requests that 640-acre drilling and spacing units for production of oil, gas and associated hydrocarbons from the Niobrara Formation in the Application Lands be confirmed.

8. Bonanza further requests that the drilling and completion of one or more additional horizontal wells be authorized in each such unit, as necessary to economically and efficiently recover oil, gas and associated hydrocarbons from the Niobrara Formation, to prevent waste and protect correlative rights.

9. Section §34-60-116(4) of the Colorado Oil and Gas Conservation Act 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.

10. Bonanza further requests that surface facilities for the proposed horizontal wells be located anywhere within the unit, or on surrounding lands with the owner's consent, but the completed interval of any horizontal well shall be no closer than 460 feet from the boundaries of the unit, without regard to lease lines within the unit, and consistent with Commission Rule 318A(l).m., the distance between the completed interval of any horizontal well be no closer than 150 feet from the wellbore of any existing or permitted oil and gas well, unless waived in writing by the operator of the encroached upon well.

11. Bonanza further requests that horizontal wells under the requested order be located on no more than two surface pads per governmental half-section as designated by the operator, with wells on each pad to be drilled from surface locations within 50 feet of an adjacent drilled or permitted well, without exception being granted by the Director for good cause, which shall include surface owner consent.

12. Entry of an order consistent with the above requests 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 reservoir.

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

14. The undersigned certifies that copies of this Application shall be served on each interested party listed on **Exhibit A** within the next seven days as required by Rule 503.e.

WHEREFORE, Bonanza respectfully requests this matter be set for hearing, notice be given as required by law, and upon such hearing the Commission enter its order providing the relief requested by Bonanza above, together with such other relief consistent with the above as the Commission may deem just and appropriate.

RESPECTFULLY SUBMITTED this 31st day of October, 2012.

LOHF SHAIMAN JACOBS HYMAN & FEIGER PC

By: _____


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

Address of Applicant:

Bonanza Creek Energy Operating Company LLC
410 17th Street, Suite 1500
Denver, CO 80202

EXHIBIT "A"

TO APPLICATION OF BONANZA CREEK ENERGY OPERATING COMPANY LLC

Applicant: Bonanza Creek Energy Operating Company LLC
410 17th Street, Suite 1400
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: David Bauer
Weld County
1111 H Street
Greeley, CO 80632

Other Interested Parties: Celia Greenman
Colorado Division of Wildlife
6060 Broadway
Denver, Colorado 80214

Kent Kuster
Colorado Department of State
Health and Environment
4300 Cherry Creek Drive South
Denver, Colorado 80246-1530

The Prospect Company
P.O. Box 1100
Edmond, OK 73083

Lewis Lee Allard
P.O. Box 3
Walden, CO 80480

Marc Lawrence Allard
5516 East County Road 66
Wellington, CO 80540

D J Management Company, LLLP
Judy Ann Patrick
P.O. Box 460012
Aurora, CO 80046

Anadarko Land Corp.
P.O. Box 730875
Dallas, TX 75373

VERIFICATION

STATE OF COLORADO)
)
CITY AND COUNTY OF DENVER) ss.

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

1. He is landman of the Applicant, Bonanza Creek Energy Operating Company LLC, and that he maintains his office at 410 17th Street, Suite 1500, Denver, Colorado 80202.
2. He has read the within Verified 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.

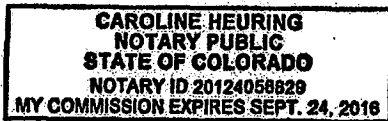


Jared Rush

Subscribed and sworn to before me this 31 day of October, 2012.

Witness my hand and official seal.

My commission expires: 9/24/2016





Notary Public

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COLORADO)

AFFIDAVIT OF MAILING

STATE OF COLORADO)
) ss.
CITY & COUNTY OF DENVER)

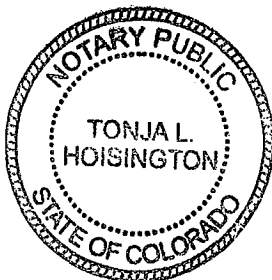
J. Michael Morgan, of lawful age and being first duly sworn upon his oath, states and declares:

That he is the attorney for Bonanza Creek Energy Operating Company LLC in the above-captioned matter, that on October 31st, 2012, and he caused a copy of the attached Verified Application to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on **Exhibit A** to the Application.

~~J. Michael Morgan~~

Subscribed and sworn to before me this 31 day of October, 2012.

Witness my hand and official seal.
My commission expires: 09-13-2013



Tonja L. Hoisington, Notary Public