

FORM
2

Rev
12/05

State of Colorado Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203 Phone: (303) 894-2100 Fax: (303) 894-2109



Document Number:

400224117

Date Received:

11/25/2011

APPLICATION FOR PERMIT TO:

1. Drill, Deepen, Re-enter, Recomplete and Operate

2. TYPE OF WELL

OIL GAS COALBED OTHER _____
SINGLE ZONE MULTIPLE COMMINGLE

Refiling

Sidetrack

PluggingBond SuretyID

20070004

3. Name of Operator: BONANZA CREEK ENERGY OPERATING COMPANY LLC

4. COGCC Operator Number: 8960

5. Address: P O BOX 21974

City: BAKERSFIELD State: CA Zip: 93390

6. Contact Name: Keith Caplan Phone: (720)440-6100 Fax: (720)279-2331

Email: KCaplan@bonanzacr.com

7. Well Name: Pronghorn Well Number: 41-44-18HZ

8. Unit Name (if appl): _____ Unit Number: _____

9. Proposed Total Measured Depth: 10525

WELL LOCATION INFORMATION

10. QtrQtr: NENE Sec: 18 Twp: 5N Rng: 61W Meridian: 6

Latitude: 40.408000 Longitude: -104.244540

Footage at Surface: 200 feet FNL 460 feet FEL
FNL/FSL FEL/FWL

11. Field Name: Wattenberg Field Number: 90750

12. Ground Elevation: 4587 13. County: WELD

14. GPS Data:

Date of Measurement: 11/01/2011 PDOP Reading: 3.9 Instrument Operator's Name: Dan Griggs

15. If well is Directional Horizontal (highly deviated) **submit deviated drilling plan.**

Footage at Top of Prod Zone: FNL/FSL FEL/FWL Bottom Hole: FNL/FSL FEL/FWL
460 FNL 460 FEL 460 FSL 576 FEL
Sec: 18 Twp: 5N Rng: 61W Sec: 18 Twp: 5N Rng: 61W

16. Is location in a high density area? (Rule 603b)? Yes No

17. Distance to the nearest building, public road, above ground utility or railroad: 5280 ft

18. Distance to nearest property line: 200 ft 19. Distance to nearest well permitted/completed in the same formation(BHL): 1120 ft

20. LEASE, SPACING AND POOLING INFORMATION

| Objective Formation(s) | Formation Code | Spacing Order Number(s) | Unit Acreage Assigned to Well | Unit Configuration (N/2, SE/4, etc.) |
|------------------------|----------------|-------------------------|-------------------------------|--------------------------------------|
| Niobrara | NBRR | 407-633 | 640 | All |

21. Mineral Ownership: Fee State Federal Indian Lease #: _____

22. Surface Ownership: Fee State Federal Indian

23. Is the Surface Owner also the Mineral Owner? Yes No Surface Surety ID#: _____

23a. If 23 is Yes: Is the Surface Owner(s) signature on the lease? Yes No

23b. If 23 is No: Surface Owners Agreement Attached or \$25,000 Blanket Surface Bond \$2,000 Surface Bond \$5,000 Surface Bond

24. Using standard QtrQtr, Sec, Twp, Rng format enter entire mineral lease description upon which this proposed wellsite is located (attach separate sheet/map if you prefer):
 T5N-R61W: SEC. 5: ALL; SEC. 6: SE/4 SW/4, SW/4 SE/4, E/2 SE/4; SEC. 7: NW/4 SW/4, SW/4 SW/4, E/2 W/2, E/2; SEC. 17: ALL; SEC. 18: ALL

25. Distance to Nearest Mineral Lease Line: 460 ft 26. Total Acres in Lease: 2075

DRILLING PLANS AND PROCEDURES

27. Is H2S anticipated? Yes No If Yes, attach contingency plan.

28. Will salt sections be encountered during drilling? Yes No

29. Will salt (>15,000 ppm TDS CL) or oil based muds be used during drilling? Yes No

30. If questions 28 or 29 are yes, is this location in a sensitive area (Rule 901.e)? Yes No

31. Mud disposal: Offsite Onsite **If 28, 29, or 30 are "Yes" a pit permit may be required.**

Method: Land Farming Land Spreading Disposal Facility Other: _____

Note: The use of an earthen pit for Recompletion fluids requires a pit permit (Rule 905b). If air/gas drilling, notify local fire officials.

| Casing Type | Size of Hole | Size of Casing | Wt/Ft | Csg/Liner Top | Setting Depth | Sacks Cmt | Cmt Btm | Cmt Top |
|-------------|--------------|----------------|-------|---------------|---------------|-----------|---------|---------|
| SURF | 12+1/4 | 9+5/8 | 36 | 0 | 410 | 128 | 410 | 0 |
| 1ST | 8+3/4 | 7+0/0 | 26 | 0 | 6,500 | 775 | 6,500 | 0 |
| 1ST LINER | 6+1/8 | 4+1/2 | 11.6 | 0 | 10,489 | | | |

32. BOP Equipment Type: Annular Preventer Double Ram Rotating Head None

33. Comments Conductor casing will not be used on this well. Operator requests approval of Rule 318Aa exception location: Wellhead is to be located outside of a GWA drilling window. Waiver and exception request attached.

34. Location ID: _____

35. Is this application in a Comprehensive Drilling Plan ? Yes No

36. Is this application part of submitted Oil and Gas Location Assessment ? Yes No

I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: _____ Print Name: Keith Caplan

Title: Sr. Operations Tech Date: 11/25/2011 Email: KCaplan@bonanzacrk.com

Operator must have a valid water right or permit allowing for industrial use or purchased water from a seller that has a valid water right or permit allowing for industrial use, otherwise an application for a change in type of use is required under Colorado law. Operator must also use the water in the location set forth in the water right decree or well permit, otherwise an application for a change in place of use is required under Colorado law. Section 37-92-103(5), C.R.S. (2011).

Based on the information provided herein, this Application for Permit-to-Drill complies with COGCC Rules and applicable orders and is hereby approved.

COGCC Approved:  **Director of COGCC** Date: 5/31/2012

API NUMBER Permit Number: _____ Expiration Date: 5/30/2014

05 123 35696 00

CONDITIONS OF APPROVAL, IF ANY: _____

All representations, stipulations and conditions of approval stated in the Form 2A for this location shall constitute representations, stipulations and conditions of approval for this Form 2 Permit-to-Drill and are enforceable to the same extent as all other representations, stipulations and conditions of approval stated in this Permit-to-Drill.

Operator must meet water well sampling requirements as per Rule 318A.

- 1) Provide 24 hour notice of MIRU to Jim Precup at 303-469-1902 or e-mail at james.precup@state.co.us .
- 2) Provide cement coverage from base of intermediate casing to a minimum of 200' above Niobrara. Verify coverage with cement bond log.
- 3) Run and submit Directional Survey from TD to base of surface casing. Ensure that the wellbore complies with setback requirements in commission orders or rules prior to producing the well.

Attachment Check List

| Att Doc Num | Name |
|-------------|------------------------|
| 2531563 | EXCEPTION LOC WAIVERS |
| 2531662 | DEVIATED DRILLING PLAN |
| 2531663 | WELL LOCATION PLAT |
| 400224117 | APD APPROVED |
| 400224130 | SURFACE AGRMT/SURETY |
| 400291181 | FORM 2 SUBMITTED |

Total Attach: 6 Files

General Comments

| User Group | Comment | Comment Date |
|-------------------|---|---------------------------|
| Permit | No LGD or public comment received; Section respaced to allow second horizontal well. Final review completed. | 5/31/2012 2:20:39 PM |
| Permit | Wellhead is to be located outside of a GWA drilling window. Operator requests an exception location to 318Aa: Exception request and waiver attached as one attachment. | 5/31/2012 2:17:55 PM |
| Permit | Agreement with EOG changed. Operator plans to respace this section. 4/24/2012 | 4/24/2012 6:09:37 AM |
| Permit | REquested an update 4/23/1012 | 4/23/2012 1:45:50 PM |
| Permit | Nothing from either operator at this time 1/27/2012. | 1/27/2012 9:49:50 AM |
| Permit | EOG current does not have an agreement with Bonanza Creek yet; continue to process EOG's permit. If an agreement has been reached, EOG will withdraw it's permit. per EOG | 12/20/2011 9:46:30 AM |
| Permit | On Hold - Surface location is outside the GWA drilling window. Exception location request and waiver letters are required. | 11/28/2011 10:22:41 AM |
| Permit | On Hold - Section is spaced for one horizontal well and another operator has already submitted a permit. | 11/28/2011 9:09:48 AM |

Total: 8 comment(s)

BMP

| <u>Type</u> | <u>Comment</u> |
|--------------------------------|---|
| Drilling/Completion Operations | <p>Best Management Practice for a Horizontal Wellbore Fracturing Stimulation</p> <ol style="list-style-type: none">1. At least seven (7) days prior to fracture stimulation, the operator is to notify all operators of non-operated wells within 300 feet of the wellbore to be fracture stimulated of the anticipated date stimulation date and the recommended best management practice to shut-in all wells within 300' of the stimulated wellbore completed in the same formation.2. The operator will monitor the bradenhead pressure of all wells within 300 feet of the well to be fracture stimulated.3. Bradenhead pressure gauges are to be installed 24 hours prior to stimulation. The gauges are to read at least once during every 24-hour period until 24-hours after stimulation is completed (post flowback). The gauges are to be of the type able to read current pressure and record the maximum encountered pressure in a 24-hour period. The gauge is to be reset between each 24-hour period. The pressures are to be recorded and saved. Alternate electronic measurement may be used to record the prescribed pressures. Data shall be kept for a period of one year.4. If at any time during stimulation or the 24-hour post-stimulation period, the bradenhead annulus pressure of the treatment well or offset wells increases more than 200 psig, as per Rule 341, the operator of the well being stimulated shall verbally notify the Director as soon as practicable, but no later than twenty-four (24) hours following the incident. Within fifteen (15) days after the occurrence, the operator shall submit a Sundry Notice, Form 4, giving all details, including corrective actions taken. |

Total: 1 comment(s)