



COLORADO
Oil & Gas Conservation
Commission

Department of Natural Resources

1120 Lincoln Street, Suite 801
Denver, CO 80203

July 13, 2015

Stephen Wolfe, Senior Production Engineer
Bonanza Creek Energy Operating Company LLC - Operator Number 8960
410 17th Street, Suite #1400
Denver, CO. 80202

RE: Form 21 Mechanical Integrity Test (Doc #400833309) for the McCallum Unit 82 (API# 057-06143)

This Warning Letter is to inform you that the above-referenced mechanical integrity test (MIT) may be in violation of the rules and regulations of the Colorado Oil and Gas Conservation Commission and that future violations may result in the issuance of an NOAV. Additional information is required before this MIT can be processed.

The subject MIT was performed on December 11, 2012, but was not submitted to the COGCC until April 29, 2015. Rule 316B requires that the results of any MIT be submitted within 30 days of the test date.

Additionally, the MIT cannot be approved as-submitted, due to failure of the submitted pressure chart to adequately demonstrate mechanical integrity. The exaggerated vertical scale of the chart, 6000 psi for a 500 psi test, inhibits the ability to assess well stability based on the shape of the pressure curve. COGCC guidelines for interpretation of pressure charts can be found in the September 2013 COGCC MIT guidance document, which is at the URL below:

http://cogcc.state.co.us/documents/reg/Policies/20130909COGCC_MIT_Guidance.pdf

This facility is currently out of compliance with Rule 316B for the late MIT submission and may be in violation of Rules 326.b.1 and 326.f, depending on the results of a review of MIT pressure data. **Additional action is required on the part of Bonanza Creek Energy Operating LLC to bring the well into compliance before July 27, 2015.**

How to Comply with this Warning Letter

Bonanza Creek Energy Operating Company LLC must submit the pressure data resulting from the mechanical integrity test performed on the McCallum Unit 82 on December 11, 2012.

Corrective Action Deadline Date: July 27, 2015

P 303.894.2100 F 303.894.2109 www.colorado.gov/cogcc

Commissioners: Thomas L. Compton - Chairman, Richard Alward, John H. Benton, DeAnn Craig,
James W. Hawkins, Tommy Holton, Andrew L. Spielman, Mike King, Dr. Larry Wolk

John W. Hickenlooper, Governor | Mike King, Executive Director, DNR | Matthew J. Lepore, Director



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Failure to Comply with Warning Letter:

If the Operator fails to perform required corrective actions, COGCC will issue a Notice of Alleged Violation and seek penalties pursuant to § 34-60-121, C.R.S. and Rule 523, COGCC Rules of Practice and Procedure, 2 CCR 404-1. (Please note that the COGCC's penalty authority was recently increased to a maximum of \$15,000 per day and penalties are no longer capped at a maximum of \$10,000 per violation.)

Failure to submit MITs within 30 days of the test date or failure to submit pressure charts with an appropriate pressure range for non-witnessed tests may result in automatic failure of future submissions and the issuance of an NOAV.

If you have any questions about this Warning Letter, please contact the COGCC representative below.

Sincerely,

Steven J. Arauza, G.I.T.

Engineering Intern

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