



COLORADO
Oil & Gas Conservation
Commission
Department of Natural Resources

1120 Lincoln Street, Suite 801
Denver, CO 80203

WARNING LETTER #2193328

May 27, 2016

Bonanza Creek Energy, Inc
Attn: Dana Strunk
410 17th St. Ste 1400
Denver Co. 80202

dstrunk@bonanzacrk.com
kam@bonanzacrk.com

Operator # 8960
Location ID # 445393
Antelope H23-19 Pad
SENW Section 19 T5N R62W, Weld County

This Warning Letter is to inform you that there is reasonable cause to believe that a violation of one or more of the following has occurred: the Oil and Gas Conservation Act, or a rule, regulation, an order of the Colorado Oil and Gas Conservation Commission (“COGCC”), or a permit issued by the COGCC, and corrective action is required.

The Operator’s compliance with this Warning Letter is required to resolve the alleged violation. The COGCC requires Bonanza Creek Energy, Inc. to implement the described corrective action for the violation identified below by the **Corrective Action Deadline Date(s)**. Failure to do so will result in the issuance of a Notice of Alleged Violation and initiation of enforcement proceedings in which the COGCC will seek monetary penalties for the alleged violations pursuant to § 34-60-121, C.R.S. and Rule 523, COGCC Rules of Practice and Procedure, 2 CCR 404-1.

Alleged Violation:

Rule or Order: 303.b.(1)A.

Description of Alleged Violation: Pursuant to Rule 303.b.(1)A., Operator is required to submit a completed Form 2A, and secure a COGCC approval, for any new Oil and Gas Location. Operator constructed a new Oil and Gas Location (Location #445393) in

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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



August 2010 but failed to submit and receive approval for an Oil and Gas Location Assessment (OGLA) Form 2A. Operator self reported the violation to the COGCC upon discovery. Operator submitted a Form 2A for Location #445393 on January 12, 2016 (Document #400739720), which was approved by COGCC on April 4, 2016.

Required Corrective Action: Operator shall conduct a self audit to identify any Oil and Gas Locations constructed since March 2009 for which the Operator never filed or secured COGCC approval for a Form 2A and submit the findings to the COGCC. In addition, Operator shall submit a Form 2A for each Location identified during the audit. If no Locations/Facilities are identified, the Operator shall submit a letter describing the audit process and subsequent findings. All Corrective Actions are due by July 29, 2016.

Corrective Action Deadline Date: July 29, 2016

How to Comply with Warning Letter:

Operator shall complete the Corrective Action(s) above within the deadline(s) provided. Upon completion of the Corrective Action(s), Operator shall provide notice and evidence of completion to the COGCC staff identified below by the Corrective Action deadline or deadlines:

COGCC Representative: Steven Mah
Email: Steven.Mah@state.co.us

Title: NOAV Specialist
Phone Num: (303) 894-2100 x5159

COGCC Representative: Melissa M. Housey, P.G.
Email: Melissa.Housey@state.co.us

Title: SE OGLA Specialist
Phone Num: (303) 894-2100 x5194

If you have any procedural questions about this Warning Letter, please contact Steven Mah. If you have any technical questions about this Warning Letter, please contact Melissa M. Housey at 303-894-2100 x5194.

Failure to Comply with Warning Letter:

If Bonanza Creek fails to perform the required corrective actions, the 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 increased to a maximum of \$15,000 per day in June 2014 and penalties are no longer capped at a maximum of \$10,000 per violation.)

Truly yours,



Steven Mah
NOAV Specialist, Enforcement Team



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