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Bonanzacrk.com

July 22, 2016

Colorado Oil and Gas Conservation Commission
The Chancery Building
1120 Lincoln Street, Suite 801
Denver, CO 80203
Attn: Steven Mah, NOAV Specialist



RE: Warning Letter #2193328

Dear Mr. Mah,

Bonanza Creek Energy Operating Company LLC (“Bonanza”) has prepared the following as a formal response to Colorado Oil and Gas Conservation Commission (“COGCC”) Warning Letter #2193328. (The warning letter was directed to Bonanza Creek Energy, Inc., which is the parent of Bonanza Creek Energy Operating Company LLC. However, Bonanza Creek Energy Operating Company LLC is the relevant operating entity and is Operator # 8960 referenced in the warning letter.)

The COGCC warning letter alleges violation of Rule 303.b.(1)A., which requires Operators to submit a completed Form 2A and secure COGCC approval for any new Oil and Gas Location constructed since March 2009. The warning letter contained required corrective actions that were to be completed by July 29, 2016. The corrective actions included a self-audit to identify any Oil and Gas Locations constructed since March 2009 for which Bonanza never filed a Form 2A to secure COGCC approval and submit the findings to the COGCC. In addition, if locations are identified during the self-audit, Bonanza is to submit a Form 2A for each location before the corrective action deadline (July 29, 2016).

As required by the COGCC, Bonanza completed a comprehensive self-audit to identify any Oil and Gas Locations constructed since March 2009 to ensure a Form 2A was filed and approved. Bonanza utilized the following databases and programs to conduct the audit: Conduit Well Finder, GIS Shapefiles Wells, IHS Data, Drilling Information Data, COGIS Database, COGCC Well Information Scout Cards, COGCC GIS Online Map, ArcGIS, Google Earth, Weld County Building Permits, as well as Bonanza’s internal files.

All of Bonanza’s Oil and Gas Locations were downloaded from COGCC’s Wells Shapefile to create a new geodatabase for ArcGIS. Features from the geodatabase were exported to Google Earth. The analysis was performed by multiple Bonanza personnel using ArcGIS Desktop and the ESRI aerial base map along with Google Earth. Columns were added to the wells attribute table in the geodatabase to track confirmation of secured Form 2A’s. The results were compared to the COGCC GIS Online Map and COGCC scout cards for accuracy and completeness.



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After completing the audit as described above we were able to verify that all of Bonanza's Oil and Gas Locations are in compliance with Rule 303.b.(1)A. Bonanza hopes the audit process above and the resultant confirmation of full compliance with COGCC Rule 303.b.(1)A., will satisfy the required corrective action and resolve the alleged violation warning.

Please do not hesitate to call or email me at (303) 803-1718 or Jvigil@Bonanzacr.com, should you have any questions pertaining to this matter.

Sincerely,

A handwritten signature in blue ink that reads 'Julie L. Vigil'.

Julie L. Vigil

Sr. Regulatory Specialist

BONANZA CREEK ENERGY OPERATING COMPANY LLC