



410 17th Street, Suite 1400
Denver, CO 80202
(720) 440-6100 phone
(720) 305-0804 fax

Bonanzacrk.com

March 23, 2017

VIA USPS

Steven Mah
NOAV Specialist
Colorado Oil and Gas Conservation Commission
Colorado Department of Natural Resources
1120 Lincoln Street, Suite 801
Denver, CO 80203
303-894-2100

**RE: Warning Letters # 401220292, # 401220287, # 401199953
Bonanza Creek Energy Operating Company, LLC (Operator No. 8960)**

Bonanza Creek Energy Operating Company, LLC ("Bonanza") has reviewed the three COGCC warning letters dated 2/27/2017. The warning letters were issued for the Wetco Farms 22-4, McCallum Unit 5, and McCallum Unit 13. Each warning letter indicated that the wells did not have a timely MIT or might have been MIT tested or temporarily abandoned and not reported to the COGCC. Bonanza has reviewed the status and compliance submittals for each well as requested. Bonanza has chosen to plug and abandon all three of the subject wells.

A summary of Bonanza's review of compliance status on each well and the current scheduled activities are detailed below.

Wetco Farms 22-4 – API 05-123-22500

- Well was produced in May 2014
- Oil was sold in June 2016
- Well produced gas in October 2016
- Form 6 P&A notice was submitted 3/8/2017 (Doc #401228277)
- P&A of the well was completed 3/13/2017 through 3/15/2017.
- Form 5A and Form 7 review of COGCC records was completed.
- A Form 7 was submitted 3/7/2017 to change the well status for June 2016 to PR (Doc # 401227217).

McCallum Unit 13 – API 05-057-05107

- Well was produced in January 2014
 - Well worked-over in October 2016 to prepare for an MIT. Workover complications and winter weather delayed operations until Spring 2017.
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- Form 6 P&A notice was submitted 3/14/2017 (Doc #401233269)
- A sundry Notice was submitted to the BLM for P&A activity approval on 3/14/2017. Bonanza is currently waiting on BLM approval to schedule final P&A of the well.
- Bonanza currently plans to conduct P&A activities in April/May 2017, pending BLM approval.
- Form 5A and Form 7 review of COGCC records was completed.
- A Form 7 was submitted 3/7/2017 to change the well status to SI for October 2016 (Doc # 401227186).

McCallum Unit 5 – API 05-057-60004

- Well was produced in January 2014
- Well worked-over in October 2016 to prepare for an MIT. Workover complications and winter weather delayed operations until Spring 2017.
- Form 6 P&A notice was submitted 3/14/2017 (Doc #401233071)
- A sundry Notice was submitted to the BLM for P&A activity approval on 3/14/2017. Bonanza is currently waiting on BLM approval to schedule final P&A of the well.
- Bonanza currently plans to conduct P&A activities in April/May 2017, pending BLM approval.
- Form 5A and Form 7 review of COGCC records was completed.
- A Form 7 was submitted 3/7/2017 to change the well status to SI for October 2016 (Doc # 401227186).

Bonanza has attached a signed tolling agreement for the McCallum Unit 5 and 13 wells as weather will not allow for P&A of the wells before the 3/28/2017 corrective action deadline in the warning letters. Each well will be P&A before the 6/30/2017 deadline that accompanies the signed tolling agreement.

The correction of forms discussed above as well as the final abandonment of the three subject wells will maintain full compliance with the corrective actions outlined in the warning letters. If you have any questions or require additional information please contact Brian Dodek at (720) -225-6653.

Sincerely,



Brian Dodek
Supervisor – Surface Environmental Management
Bonanza Creek Energy Operating Company, LLC

Attachments

cc: Skip Marter, BCEOC, SVP, General Counsel & Secretary
David Stewart, BCEOC, VP, EHS&RC
Peg Young, BCEOC, Environmental Regulatory Manager
Dean Tinsley, BCEOC, VP, Rocky Mountain Asset Management

COGCC Operator Tolling Agreement

Operator Name and No.: Bonanza Creek (8960)

Warning Letter Nos.: 401199953, 401220287, and 401220292

Warning Letter Mailing Date: February 27, 2017

Deadline for Operator Submission of Signed Tolling Agreement: March 28, 2017

This Operator Tolling Agreement ("Agreement") accompanies one or more Warning Letter(s) that allege a violation or violations of Commission Rules. This Agreement is offered by COGCC so that the Operator has an opportunity to come into compliance with the Mechanical Integrity Testing requirements of Rule 319 and Rule 326 before COGCC initiates enforcement actions which may include the imposition of penalties

COGCC agrees not to issue a Notice of Alleged Violation ("NOAV") before the June 30, 2017 extended deadline to complete corrective actions to come into compliance with the Mechanical Integrity Testing requirements of Rule 319 and Rule 326 offered in the Warning Letter(s) referenced above. In exchange, the Operator agrees to the following:

The Oil and Gas Conservation Act's statute of limitations, §34-60-115, C.R.S., is tolled for any existing or potential claims related to the corrective actions required by the Warning Letter(s) referenced above, from the date the Operator signs this Agreement until the Operator completes required corrective actions to COGCC's satisfaction or until COGCC issues an NOAV. This Agreement to toll the statute of limitations applies to the requirements and deadlines to submit any required Form 4, Sundry Notices; delinquent or deficient Form 7, Monthly Reports of Operations; and Form 5A, Completed Interval Reports, contained in the Warning Letter(s), however, this agreement DOES NOT extend the deadlines to submit any Form 4, Sundry Notices; delinquent or deficient Form 7, Monthly Reports of Operations; and Form 5A, Completed Interval Reports, required by the Warning Letter(s).

If COGCC does not receive a signed and dated copy of this Agreement by the deadline specified above, COGCC may issue one or more NOAV(s).

AGREED TO AND ACCEPTED:

COGCC

Date: February 27, 2017



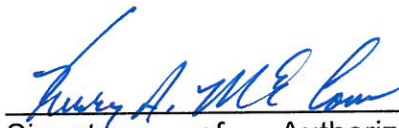
Signature

Steven Mah, NOAV Specialist

Print Signatory Name, Title

Bonanza Creek Energy Operating Company

Date: 3-3-17



Signature of Authorized Operator Representative

Kerry A. McCowan - V.P. Operations
Print Signatory Name, Title