



OUTCOME NOTICE for WARNING LETTER # 401220287

04/23/2018

BONANZA CREEK ENERGY OPERATING COMPANY LLC (#
 8960)

Kerry McCowen
 kam@bonanzacrk.com

410 17TH STREET SUITE #1400
 DENVER, CO 80202

Re: Warning Letter # 401220287
 Date Issued 02/27/2017

MCCALLUM UNIT 13 (API# 057-05107)
 NESE, 2, 9N, 79W, JACKSON

This Outcome Notice is to inform you of the status of the violation(s) alleged in the above referenced Warning Letter.

Alleged Violation(s) and Required Corrective Action(s):

308B Completed Interval Report

Description of Alleged Violation: Operator is receiving this letter because, based on COGCC records, COGCC has reason to believe the above referenced Well presents one or more compliance issues. Operator should review its records to verify if any Form 5A, Completed Interval Reports, are outstanding for this Well.

Pursuant to Rule 308B., Operator is required to submit a Form 5A, Completed Interval Report, within 30 days after a formation is temporarily or permanently abandoned. If a completed interval has been abandoned, by any means, in the above referenced Well and has not been reported on a Form 5A, Operator is in violation of Rule 308B.

Required Corrective Action: If Operator failed to submit a Form 5A, Completed Interval Report, to disclose abandonment or downhole isolations in the Well, then Operator shall submit a Form 5A, Completed Interval Report, to disclose this information.

Corrective Action Deadline Date: 03/28/2017

Corrective Action Performed by Operator

Description: N/A

Completion Date: 04/23/2018





309 Operator's Monthly Production Report

Description of Alleged Violation: Operator is receiving this letter because, based on COGCC records, COGCC has reason to believe the above referenced Well presents one or more compliance issues. Operator should review its records to verify if any Form 7, Monthly Reports of Operations, are missing, inaccurate, or incomplete for this Well.

Pursuant to Rule 309, Operator is required to submit Form 7, Monthly Reports of Operations, for all existing oil and gas wells that are not plugged and abandoned, within 45 days after the end of each month. Operator is required to report each formation that is completed in a well every month from the time that it is completed until one month after abandonment. If Operator has failed to file Form 7, Monthly Reports of Operations, or has filed incomplete or inaccurate information for the above referenced Well, then Operator is in violation of Rule 309.

Required Corrective Action: If Operator failed to file Form 7, Monthly Reports of Operations, or has filed incomplete or inaccurate information for the Well, then Operator shall submit all delinquent reports or correct any incomplete or inaccurate reports.

Corrective Action Deadline Date: 03/28/2017

Corrective Action Performed by Operator

Description: N/A

Completion Date: 04/23/2018

319 Abandonment

Description of Alleged Violation: Operator is receiving this letter because, based on COGCC records, COGCC has reason to believe the above referenced Well presents one or more compliance issues. Operator should review its records to verify if this is a temporarily abandoned well past due for a Mechanical Integrity Test (MIT).

Pursuant to Rule 319.b., Operator is required to conduct an MIT and receive Director approval prior to temporary abandonment (TA) of a well. COGCC Rule 100 defines a well as temporarily abandoned if the well becomes incapable of production (for example, through the removal of necessary production equipment or a well that has all downhole completed intervals isolated with a plug set above the highest perforation). Any well incapable of production should have a well status of TA in filings with COGCC, including the Form 7, Monthly Reports of Operations. COGCC Rules DO NOT permit placing a well back on production to fulfill, or in lieu of, the requirements to conduct an MIT. If the above referenced Well is TA but Operator has not conducted a successful MIT, as required by Rules 319.b. and Rule 326.c., and/or requested Director approval for TA status, then Operator is in violation of Rule 319.b. and 326.c.

Required Corrective Action: If the Well is TA but Operator has not conducted a successful MIT, then Operator shall conduct a successful MIT on the Well or plug and abandon the Well.

Additionally, if the Well is TA but Operator has not submitted a request for Director approval for TA status, or if Operator has previously received approval but has not submitted an annual Form 4, Sundry





Notice, Operator shall submit a Form 4, Sundry Notice, requesting TA status or continued TA status for the Well and stating the method by which the Well is closed to atmosphere and plans for future operation.

If Operator agrees to the terms and conditions of the attached COGCC Operator Tolling Agreement and returns the signed document by US Mail or as an electronic mail PDF attachment to the attention of Steven Mah, COGCC NOAV Specialist, by the deadline contained in the Tolling Agreement, then Operator shall have until June 30, 2017 to complete either a successful MIT or plug and abandon the Well. This extension DOES NOT apply to the requirements to submit a Form 4, Sundry Notice; missing, inaccurate, or incomplete Form 7s, Monthly Reports of Operations; or a Form 5A, Completed Interval Report.

Rule 316B requires notice to the Director on a Form 42, Field Operations Notice, at least ten (10) days prior to conducting an MIT and submission of MIT results (successful or not) on a Form 21, within thirty (30) days after the test. If an MIT is not witnessed by COGCC staff, a pressure chart must accompany this Form 21 report.

If the Well lacks mechanical integrity, Rule 326.f. requires the Operator to make repairs or plug and abandon within the timeframe prescribed by Rule 326.f.1.

Rule 311 requires Operator to submit a Form 6, Notice of Intent to Abandon, and secure Director approval prior to plugging and abandonment of a well and to submit a Form 6, Subsequent Report of Abandonment, within 30 days after plugging and abandonment of the well has been completed.

Corrective Action Deadline Date: 03/28/2017

Corrective Action Performed by Operator

Description: The corrective action performed was the plugging of the well per the Form 6(S) #401324342

Completion Date: 04/23/2018

326 Mechanical Integrity Testing

Description of Alleged Violation: Operator is receiving this letter because, based on COGCC records, COGCC has reason to believe the above referenced Well presents one or more compliance issues. Operator should review its records to verify if this is a shut-in (SI) well past due for a Mechanical Integrity Test (MIT).

Pursuant to Rule 326.b., Operator is required to conduct an MIT on SI wells within two years of the initial shut-in date and then at five (5) year intervals after an initial successful MIT. COGCC Rules DO NOT permit placing a well back on production to fulfill, or in lieu of, the requirements to conduct an MIT. If the above referenced Well has been SI for over two years and Operator has not conducted an initial MIT or is SI and has not had an MIT for over five years after the initial MIT, then Operator is in violation of Rule 326.b.

Required Corrective Action: If the Well is SI but Operator has not conducted an initial MIT or a follow-





up five year MIT, then Operator shall conduct an MIT on the Well or plug and abandon the Well.

If Operator agrees to the terms and conditions of the attached COGCC Operator Tolling Agreement and returns the signed document by US Mail or as an electronic mail PDF attachment to the attention of Steven Mah, COGCC NOAV Specialist, by the deadline contained in the Tolling Agreement, then Operator shall have until June 30, 2017 to complete either a successful MIT or plug and abandon the well. This extension DOES NOT apply to the requirements to submit a Form 4, Sundry Notice; missing, inaccurate, or incomplete Form 7s, Monthly Reports of Operations; or a Form 5A, Completed Interval Report.

Rule 316B requires notice to the Director on a Form 42, Field Operations Notice at least ten (10) days prior to conducting an MIT and submission of MIT results (successful or not) on a Form 21, within thirty (30) days after the test. If an MIT is not witnessed by COGCC staff, a pressure chart must accompany this Form 21 report.

If the Well lacks mechanical integrity, Rule 326.f. requires the Operator to make repairs or plug and abandon within the timeframe prescribed by Rule 326.f.1.

Rule 311 requires Operator to submit a Form 6, Notice of Intent to Abandon, and secure Director approval prior to plugging and abandonment of a well and to submit a Form 6, Subsequent Report of Abandonment, within 30 days after plugging and abandonment of the well has been completed.

Corrective Action Deadline Date: 03/28/2017

Corrective Action Performed by Operator

Description: N/A

Completion Date: 04/23/2018

Outcome of Warning Letter # 401220287: No Further Action Required

The "Final Outcome Date:" is the date of compliance discovery and not the date of actual compliance. The corrective action performed was the plugging of the well per the Form 6(S)#401324342.

Other Violations:

If COGCC has reasonable cause to believe that BONANZA CREEK ENERGY OPERATING COMPANY LLC has additional violations not addressed through the above referenced Warning Letter, the COGCC may 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. COGCC may or may not elect to issue Warning Letters for additional instances of non-compliance based on the guidance of the COGCC Enforcement Guidance and Penalty Policy (Corrected 4/8/2015) and COGCC Rules.





Sincerely,

Andrew Stone
 Engineering Tech
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 andrewg.stone@state.co.us

Attachments

View Attachments in Imaged Documents on COGCC website <http://ogccweblink.state.co.us/> Search by Document Number.

Document Number Description

| | |
|-----------|--|
| 401220287 | WARNING LETTER OUTCOME NOTICE |
| 401220312 | WARNING LETTER CERTIFIED MAIL RECEIPT |
| 401220313 | WARNING LETTER DOCUMENTATION |
| 401220315 | WARNING LETTER ISSUED |
| 401220316 | WARNING LETTER IN PROCESS |
| 401244474 | WARNING LETTER RESPONSE CORRESPONDENCE |

Total Attach: 6 Files

