



**BONANZA
CREEK**

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

BonanzaCrk.com

November 19, 2020

VIA USPS AND E-MAIL

Steve Freese: steve.freese@state.co.us

Steve Freese
State of Colorado
Colorado Board of Land Commissioners
1127 Sherman Street, Suite 300
Denver, CO 80203

RE: **Interim Reclamation Agreement**
SLB Contract #OG – 8043.4
Location Consult approved 2/26/2019
State Antelope 43-13, Location ID #466172

Township 5 North, Range 62 West, 6th P.M.
Section 13: SENE
Weld County, Colorado

Dear Mr. Freese:

Bonanza Creek Energy Operating Company, LLC (“Bonanza Creek”) has previously consulted with you concerning interim reclamation at the State Antelope 43-13 Pad (the “State Antelope 43-13”) in accordance with that certain Oil and Gas Lease No. OG -8043.4 dated May 20, 2004 and Surface Consult Agreement (the “SUA”) between Bonanza Creek, as operator, and Colorado State Board of Land Commissioners (“State Land Board”), as surface owner, and the applicable rules of the Colorado Oil and Gas Conservation Commission (“COGCC”). In accordance with the SUA, beginning Early December 2019, Bonanza Creek commenced construction of the State Antelope 43-13 with the intent and expectation that it would be drilled by February 2020 and wells producing by October 2020. Due to circumstances, including the current economic recession, severe commodity price fluctuation, and COVID-19 pandemic, unforeseen to Bonanza Creek. It is conservatively monitoring its’ fiscal ability to fund large capital expenditure projects such as securing a drilling rig, completion operations, associated equipment for production and plan for construction to set equipment. At this time and near foreseeable future the necessary funding and economic market does not exist to complete stimulation of the wells on this Pad by February 2021.

COGCC Rule 1003.b. requires, however, that all portions of an oil and gas pad operations not completed and put into use within twelve (12) months of initial construction be reclaimed. Bonanza Creek, therefore, requires a variance from COGCC Rule 1003 and a waiver and consent from the State Land Board in support thereof. Pursuant to COGCC Rule 1001.c. and Sections of the SUA, Bonanza Creek and the State Land Board agree to enter into this Interim Reclamation Agreement in order to set forth the respective rights and responsibilities of the parties and to seek COGCC’s waiver of compliance with certain 1000-series rules.

The specific oil and gas location subject to this Interim Reclamation Agreement is:

State Antelope 43-13 Pad, Location ID #466172
Section 13: SENE Township 5 North, Range 62 West, 6th P.M.

The reasons for State Land Board entering into this Interim Reclamation Agreement and thereby consenting to a waiver of COGCC Rule 1003.b. interim reclamation requirements for Bonanza Creek to complete the State Antelope 43-13 without interim reclamation include:

State Land Board does not believe that such waiver will negatively impact public health, safety and welfare or the environment. Should interim reclamation be required by the COGCC before the State Antelope 43-13 is completed, such reclamation efforts would be futile and inconsistent with the Parties’ intent of the SUA and operations upon the lands. As a result, a COGCC-mandated interim reclamation will result in additional unnecessary and unwanted operations and disturbance to State Land Board’s surface property and ranching tenants.

As the surface owner, State Land Board acknowledges and affirms that the current condition of the property subject to this Interim Reclamation Agreement is satisfactory to it and that Bonanza Creek need not perform interim reclamation under Rule 1003 at the

State Antelope 43-13. Provided, however, Bonanza Creek must comply with its contractual obligations under the SUA and the other Rule 1000-series requirements not hereby waived including noxious weed control, minimizing impacts to wetlands and riparian habitats, keeping the location free of debris and litter, stormwater control, and any other obligations to protect public health, safety and welfare and the environment.

Bonanza hereby states that the State Antelope 43-13 is in compliance and that:

1. All stormwater management BMPs to minimize erosion, transport of sediment offsite, and site degradation are in place and operational at the location.
2. Erosion control blankets and wattles installed and functioning as intended.
3. Perimeter fencing installed to control access.
4. The location is free of all debris and waste materials and the site is being maintained in accordance with Rule 603.j.
5. The location is free of noxious weeds as practicable and weed control is regularly performed.

If this Interim Reclamation Agreement correctly reflects State Land Board's agreement, please sign, date both originals of this letter, keep one for your files and return one to the undersigned.

Please be aware that although the State Land Board has signed this Interim Reclamation Agreement and Bonanza Creek subsequently submits an interim reclamation variance request, the COGCC may deny such request and Bonanza Creek will then be required to complete all interim reclamation in accordance with COGCC Rule 1003.b.

Thank you for your time and consideration in this matter. If you have any questions or comments, please contact Kaitlyn Cass at (720) 225-6685.

Respectfully,

Kaitlyn Cass
Manager of Land
Bonanza Creek Energy Operating Company, LLC

MTK

I acknowledge and agree as set forth above:

State of Colorado
State Board of Land Commissioners

Signed:
Steve Freese, Mineral Field Technician

Date: 11/24/2020

Valid until 12/1/21. SF