

BEFORE THE OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF COLORADO

IN THE MATTER OF THE PROMULGATION AND ) CAUSE NO. 407  
ESTABLISHMENT OF FIELD RULES TO GOVERN )  
OPERATIONS IN THE WATTENBERG FIELD, ) DOCKET NO. 1208-UP-204  
WELD COUNTY, COLORADO )

NOTICE OF HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

On January 23, 2012, the Commission issued Order No. 407-538 which, among other things, established an approximate 640-acre drilling and spacing unit, and approved up to two horizontal wells within the unit, with the treated interval of the permitted wellbore to be located no closer than 460 feet from the boundary of the unit, and no closer than 150 feet from the completed interval of another well producing from the same common source of supply, without exception being granted by the Director. Section 2, Township 4 North, Range 63 West, 6<sup>th</sup> P.M. is subject to this Order for the Niobrara Formation.

On April 27, 1988, the Commission adopted Rule 318A, which among other things, allowed certain drilling locations to be utilized to drill or twin a well, deepen a well or recomplete a well and to commingle any or all Cretaceous Age Formations from the base of the Dakota Formation to the surface. Rule 318A supersedes all prior Commission drilling and spacing orders affecting well location and density requirements of Greater Wattenberg Area wells. On December 5, 2005, Rule 318A was amended, among other things, to allow interior infill and boundary wells to be drilled and wellbore spacing units to be established. On August 8, 2011, Rule 318A was again amended, among other things, to address drilling of horizontal wells. Section 2, Township 4 North, Range 63 West, 6<sup>th</sup> P.M. is subject to Rule 318A for the Niobrara Formation.

On June 21, 2012 (amended July 27, 2012), Bonanza Creek Energy Operating Company LLC ("Bonanza" or "Applicant"), by its attorneys, filed with the Commission pursuant to § 34-60-116 C.R.S., a verified amended application ("Amended Application") for an order to pool all nonconsenting interests in an approximate 640-acre horizontal wellbore spacing unit, to accommodate the Latham 14-11-2HZ Well (API No. 05-123-35697) ("Well"), for the development and operation of the Niobrara Formation, effective as of the earlier of the date of the Application, or the date that any of the costs specified in C.R.S § 34-60-116(7)(b)(II) were first incurred for the drilling of the Well, and to subject any non-consenting interests to the cost recovery provisions of C.R.S. § 34-60-116(7):

Township 4 North, Range 63 West, 6<sup>th</sup> P.M.  
Section 2: All

Applicant confirms Order 407-538 applies only to production from horizontal wells in Section 2, and production from vertical and directional wells shall be paid in accordance with units established under Rule 318A or other orders of the Commission.

NOTICE IS HEREBY GIVEN, pursuant to: 1) the general jurisdiction granted to the Oil and Gas Conservation Commission of the State of Colorado (Commission) under § 34-60-105 C.R.S.; 2) specific powers granted pursuant to § 34-60-106 C.R.S.; 3) the Colorado Administrative Procedures Act at § 24-4-105 C.R.S.; and 4) the Commission's Series 500 Rules at 2CCR 404-1, that the Commission has scheduled the above-entitled matter for hearing on:

Date: Monday, August 20, 2012  
Tuesday, August 21, 2012  
Time: 9:00 a.m.  
Place: COGCC Offices  
1120 Lincoln Street, Suite 801  
Denver, Colorado 80203

In accordance with the Americans with Disabilities Act, if any party requires special accommodations as a result of a disability for this hearing, please contact Margaret Humecki at (303) 894-2100 ext. 5139, prior to the hearing and arrangements will be made.

Pursuant to said hearing in the above-entitled matter at the time and place aforesaid, or at any adjourned meeting, the Commission will enter such orders as it deems appropriate to protect the health, safety and welfare of the public and to prevent the waste of oil and gas, either or both, in the operations of said field, and to carry out the purposes of the statute.

**In accordance with Rule 509., any interested party desiring to protest the granting of the application or to intervene on the application should file with the Commission a written protest or intervention no later than August 6, 2012, briefly stating the basis of the protest or intervention.** Such interested party shall, at the same time, serve a copy of the protest or intervention to the person filing the application. An original and 13 copies shall be filed with the Commission. **Anyone who files a protest or intervention must be able to participate in a prehearing conference during the week of August 6, 2012.** Pursuant to Rule 503.g., if a party who has received notice under Rule 503.b. wishes to receive further pleadings in the above-referenced matter, that party must file a protest or intervention in accordance with these rules. In accordance with the practices of the Commission, should no protests or interventions be filed in this matter by **August 6, 2012, the Applicant may request that an administrative hearing be scheduled beginning August 6, 2012.** In the alternative, pursuant to Rule 511., if the matter is uncontested, the applicant may request, and the Director may recommend approval on the basis of the merits of the verified application and the supporting exhibits.

IN THE NAME OF THE STATE OF COLORADO

OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF COLORADO

By

  
Robert J. Frick, Secretary

Dated at Suite 801  
1120 Lincoln Street  
Denver, Colorado 80203  
July 16, 2012

Attorneys for Bonanza:  
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