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

IN THE MATTER OF THE APPLICATION
OF BONANZA CREEK ENERGY, INC. FOR
AN ORDER MAINTAINING EXISTING
ORDERS AND INCREASING WELL
DENSITY, IN THE NIOBRARA AND
CODELL FORMATIONS, WATTENBERG
FIELD, WELD COUNTY, COLORADO

CAUSE NO. 407
DOCKET NO. 160600257
TYPE: Well Density

SECOND AMENDED APPLICATION

Bonanza Creek Energy, Inc. (Operator No. 8960) (“Bonanza Creek” or “Applicant”) by and through its attorneys Burns, Figa, & Will, P.C., respectfully submits this Amended Application to the Oil and Gas Conservation Commission of the State of Colorado (the “Commission”) for an order to: (i) maintain the six (6) existing approximate 640-acre drilling and spacing units established for the Application Lands for the production of oil, gas, and associated hydrocarbons from the Codell and Niobrara formations; (ii) modify Order Nos. 40-560, 407-528, and 535-103 to include the Codell formation; (iii) vacate the well density requirements established in the six (6) existing spacing orders for the Application Lands for the production of oil, gas, and associated hydrocarbons from the Codell and Niobrara formations; and (iv) approve up to twenty (20) horizontal wells on a maximum of four (4) well pads per section within the six (6) existing approximate 640-acre drilling and spacing units for the production of oil, gas, and associated hydrocarbons from the Codell and Niobrara formations on the following described lands:

Township 4 North, Range 63 West, 6th P.M.
Section 10: All
Section 14: All
Section 22: All
Section 24: All
Section 26: All
Section 28: All

Weld County, Colorado (containing a total of approximately 3,840.00 acres)

Referred herein as the “Application Lands.” A reference map depicting the Application Lands is attached hereto and marked as Exhibit B.

In support of its Application, Bonanza Creek states and alleges as follows:
1. Bonanza Creek is a corporation duly authorized to do business in Colorado and is registered as an Operator in good standing with the Commission.

2. Bonanza Creek is an Owner with the right to drill into and produce from the Application Lands.

3. On April 27, 1998, 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 of the 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. The Application Lands are subject to Rule 318A for the Codell and Niobrara formations.

*Maintain the 640-Acre Drilling and Spacing Units for the Application Lands for the Codell and Niobrara Formations, Modify Certain Orders to Include the Codell Formation, and Vacate Existing Well Density Requirements for All Orders*

4. On June 30, 2011, the Commission entered Order No. 407-560 which, among other things, established an approximate 640-acre drilling and spacing unit for Section 26, for the production of oil, gas, and associated hydrocarbons from the Niobrara formation, and approved up to one (1) horizontal well within the unit. The Commission corrected Order No. 407-560 on June 27, 2011, and entered the corrected order on February 14, 2012. No wells have been drilled in Section 26 under Order No. 407-560.

5. On December 16, 2011, the Commission entered Order Nos. 407-528 & 535-103 which, among other things, established approximate 640-acre drilling and spacing units for Sections 10 and 14, for the production of oil, gas, and associated hydrocarbons from the Niobrara formation, and approved up to two (2) horizontal wells within each unit. On November 8, 2013, the Commission entered Order No. 407-876 which increased the well density for Section 14, allowing up to ten (10) horizontal wells within the approximate 640-acre drilling and spacing unit. No wells have been drilled in Sections 10 or 14 under Order Nos. 407-528 & 535-103 or Order No. 407-876.

6. On May 23, 2014, the Commission entered Order Nos. 407-997, 407-998, and 407-1007: (a) Order No. 407-997 established an approximate 640-acre drilling and spacing unit for Section 22, for the production of oil, gas, and associated hydrocarbons from the Codell and Niobrara formations; (b) Order No. 407-998 established an approximate 640-acre drilling and spacing unit for Section 24, for the production of oil, gas, and associated hydrocarbons from the Codell and Niobrara formations; and (c) Order No. 407-1007 vacated Order No. 407-466 and established an approximate 640-acre drilling and spacing unit for Section 28, for the production of oil, gas, and associated hydrocarbons from the Codell and Niobrara formations. Each order approved up to
fifteen (14) horizontal wells within the unit. No wells have been drilled in Sections 22, 24, or 28 under Order Nos. 407-997, 407-998, and 407-1007.


8. **Bonanza Creek requests that the Commission modify Order Nos. 407-560, 407-528, and 535-103 to include the Codell formation.**

9. Bonanza Creek requests that the Commission vacate the existing well density requirements for the drilling and spacing units established by Order Nos. 407-528 & 535-103, 407-560, 407-876, 407-997, 407-998, and 407-1007, insofar as the orders establish well density requirements for the Codell and Niobrara formations for the Application Lands, to allow for greater protection of correlative rights and to maximize the reduction of waste based on the best available science and the fact that no wells have been drilled on the Application Lands pursuant to these orders.

**Approve Up to Twenty (20) Wells in Each Section Within the Existing Spacing Units for Horizontal Development of the Codell and Niobrara Formations**

10. **Bonanza Creek requests that the Commission approve up to twenty (20) horizontal wells within each of the six (6) existing spacing units, for the production of oil, gas, and associated hydrocarbons from the Codell and Niobrara formations. The proposed horizontal wells will be drilled from a maximum of four (4) well pads per section of the Application Lands on surface locations described in Rule 318A.a or on other lands with consent of the landowner, without exception being granted by the Director.**

11. **The treated interval of the proposed wellbores will be located not less than 460 feet from the outer boundary of the proposed drilling and spacing units, and not less than 150 feet from the treated interval of any other well producing from the Codell and Niobrara formations, without exception being granted by the Director. These locations and setbacks will promote economic and efficient recovery of resources, protect correlative rights, and avoid waste.**

12. **Bonanza Creek agrees to submit a Communitization Agreement to the BLM at least 90 days before the anticipated date of first production (as defined in the COGCC Rules) from the first well drilled within any drilling and spacing unit created under this Application where the United States of America owns a mineral interest.**

13. **The granting of this Application is in accord with the Oil and Gas Conservation Act, C.R.S. §34-60-101 et seq., and the Commission Rules.**
14. Bonanza Creek requests that relief granted under this Application be effective upon oral order of the Commission, and Bonanza Creek hereby agrees to be bound by such oral order.

15. The names and addresses of the interested parties, according to Bonanza Creek’s information and belief, are set forth in the attached Exhibit A, and the undersigned certifies that copies of this Application will be served on each interested party at least 35 days in advance of any Commission hearing at which the matter will first be heard, pursuant to Rule 507.

WHEREFORE, Bonanza Creek respectfully requests that this matter be set for hearing at the next available opportunity, that notice be given as required by law, and that the Commission enter an Order to:


B. Modify Order Nos. 407-560, 407-528, and 535-103 to include the Codell formation;

C. Vacate the well density requirements established by Order Nos. 407-528 & 535-103, 407-560, 407-876, 407-997, 407-998, and 407-1007 insofar as the orders establish well density requirements for the production of oil, gas, and associated hydrocarbons from the Codell and Niobrara formations from the Application Lands; and

D. Approve up to twenty (20) horizontal wells within each of the six (6) approximate 640-acre drilling and spacing units, for the production of oil, gas, and associated hydrocarbons from the Codell and Niobrara formations, the treated interval of the proposed wellbores will be located not less than 460 feet from the outer boundary of the proposed drilling and spacing units, and not less than 150 feet from the treated interval of any other well producing from the Codell and Niobrara formations, without exception being granted by the Director.

[CONTINUED ON THE NEXT PAGE]
DATED this 2nd day of May, 2016.

Respectfully submitted,

Bonanza Creek Energy, Inc.

By: ___________________________
   Michael T. Jewell, Esq. #40902
   Courtney M. Shephard, Esq. #47668

Burns, Figa & Will, P.C.
6400 S. Fiddler's Green Circle – Suite 1000
Greenwood Village, CO 80111

Bonanza Creek Energy, Inc.
Maxwell Faith, CPL
410 17th Street – Suite 1400
Denver, CO 80202
VERIFICATION

STATE OF COLORADO  )
  ) ss.
COUNTY OF DENVER  )

The undersigned, of lawful age, having been first sworn upon his oath, deposes and states that:

1. He is a Land Manager – Bonanza Creek Energy, Inc., which address is 410 17th Street, Suite 1400, Denver, CO 80202.

2. He has read the attached application, is familiar with the facts set forth therein, and states that said facts are true and correct to the best of his knowledge and belief.

Further Affiant sayeth not.

Maxwell Faith, CPL

Subscribed and sworn to before me this 27 day of April, 2016.

Witness my hand and official seal.
My commission expires: 5/25/2014

NICOLE A RUIZ
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20054015071
MY COMMISSION EXPIRES 05/25/2016
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<td>Michael T. Jewell, Esq.</td>
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<td>Burns, Figa &amp; Will, P.C.</td>
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<td>Greenwood Village, CO 80111</td>
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<td>Noble Energy Exploration, Inc.</td>
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<td>OOGC America, Inc.</td>
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<td>Bill Barrett Corporation</td>
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<td>Okreek Oil and Gas, LLC</td>
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<td>Acoma Energy, LLC</td>
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<td>70 Ranch LLC</td>
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<td>Cervi Enterprises, Inc.</td>
<td>P.O. Box 1930</td>
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<tr>
<td>H. Gordon Johnson</td>
<td>3502 Rangeview Road</td>
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<td>United States of America</td>
<td>5555 East Crossroads Boulevard</td>
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<td></td>
<td>Loveland, CO 80538</td>
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<tr>
<td>James L. Reynolds</td>
<td>532 West Erie</td>
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<td>Springfield, MO 65807</td>
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<td>Thomas James Bruce</td>
<td>301 Goldfinch Drive</td>
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<td>Bridgewater, NJ 08807</td>
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<td>Anthony Ferguson</td>
<td>232 Pine Street</td>
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<td>Ft Collins, CO 80521</td>
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<tr>
<td>Vicki Baucum</td>
<td>P.O. Box 241</td>
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<td>Penn Valley, CA 95946</td>
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Mary Ellen Ferguson  
2709 Butano Drive  
Sacramento, CA 95821

Mark Ferguson  
17009 Mount Forest Boulevard  
Monroe, WA 98272

Prime Meridian Oil and Gas, LLC  
P.O. Box 101595  
Denver, CO 80250

Lloyd T. Reynolds, Deceased  
217 W. 6th, Apartment #406  
Pueblo, CO 81003

Welco Operating LLC  
1120 Lincoln Street, Suite 1605  
Denver, CO 80203

Rosalie P. Pivonka Living Trust  
4301 15th Street Lane  
Greeley, CO 80634

Silo Oil and Gas Corporation,  
Successor to Lloyd Hering  
1580 Lincoln Street, Suite 1110  
Denver, CO 80203

United States of America  
Bureau of Land Management  
2850 Youngfield Street  
Lakewood, CO 80215

Noble Energy, Inc.  
1625 Broadway, Suite 2200  
Denver, CO 80202

Greg Hering,  
Heir to Lloyd Taylor Reynolds  
4806 Camino Costado  
San Clemente, CA 9267

Ricky Lowell Croissant  
2015 East 15th Street  
Cheyenne, WY 82001

Kari L. Lezama  
4525 West 21st Street Drive  
Greeley, CO 80634

Christopher Croissant  
15419 - 58th Avenue East  
Puyallup, WA 98375

Cassandra Croissant  
5401 South 12th Street, Apt. 903  
Tacoma, WA 98465

Hobe Minerals  
Limited Liability Company  
7474 Highland Drive  
Lakewood, CO 80214
EXHIBIT B

[SEE ATTACHED]
BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF THE APPLICATION )
OF BONANZA CREEK ENERGY, INC. ) CAUSE NO. 407
FOR AN ORDER MAINTAINING ) DOCKET NO. 160600257
EXISTING ORDERS AND INCREASING ) TYPE: Well Density
WELL DENSITY, IN THE NIOPRARA AND ) CODELL FORMATIONS, WATTKENBERG
FIELD, WELD COUNTY, COLORADO )

CERTIFICATE OF SERVICE

Michael T. Jewell, of lawful age, and being first duly sworn upon his oath, states and declares:

That he is the attorney for Bonanza Creek Energy, Inc., and that on May 3, 2016, he caused a copy of the Second Amended Application submitted to COGCC on May 2, 2016, to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit A to the Second Amended Application.

By:

Michael T. Jewell, Esq.
License #40902

Burns, Figa & Will, P.C.
6400 S. Fiddler’s Green Circle – Suite 1000
Greenwood Village, CO 80111

STATE OF COLORADO )
COUNTY OF ARAPAHOE ) SS.

Subscribed and sworn to before me this 4th day of May, 2016

My commission expires: June 3, 2019

PARASIA OLEKSIUK
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 2015021765
MY COMMISSION EXPIRES JUNE 3, 2019