

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

IN THE MATTER OF THE APPLICATION OF BONANZA)
CREEK ENERGY OPERATING CO., LLC, FOR AN ORDER) CAUSE NO. 407
ESTABLISHING AN APPROXIMATE 1,280-ACRE)
DRILLING AND SPACING UNIT FOR SECTIONS 24 & 25,) DOCKET NO. *To be assigned*
TOWNSHIP 5 NORTH, RANGE 63 WEST, 6TH P.M., AND)
AUTHORIZING THE DRILLING OF TWENTY) TYPE: Spacing
HORIZONTAL WELLS WITHIN SAID UNIT, FOR)
PRODUCTION FROM THE CODELL-NIOBRARA)
FORMATION, WATTENBERG FIELD, WELD COUNTY,)
COLORADO)

APPLICATION

Bonanza Creek Energy Operating Co., LLC (“Bonanza Creek” or “Applicant”), Operator #8960, by and through its below-signed attorneys, respectfully submits this application to the Oil and Gas Conservation Commission of the State of Colorado (“Commission” or “COGCC”) for an order: (1) establishing an approximate 1,280-acre drilling and spacing unit for Sections 24 and 25, Township 5 North, Range 63 West, 6th P.M., and authorizing the drilling of twenty (20) horizontal wells within the proposed unit, for production of oil, gas and associated hydrocarbons from the Codell-Niobrara Formation, and (2) maintaining allocation of proceeds for any existing wells located within the proposed 1,280-acre unit area and producing from the Codell or Niobrara Formation. In support of this Application (“Application”), Applicant states and alleges as follows:

1. Applicant is a corporation duly authorized to conduct business in the State of Colorado, and has registered as an operator with the COGCC.
2. Applicant owns substantial leasehold interests in the below-listed lands (“Application Lands”):

Township 5 North, Range 63 West, 6th P.M.
Section 24: All
Section 25: All

The Application Lands comprise 1,280 acres, more or less, and are depicted on the Application Map, Exhibit A, attached hereto.

3. 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. The Application Lands are subject to Rule 318A for the Codell-Niobrara Formation, where the Codell and Niobrara Formation constitute a common source of supply.

Establishing an approximate 1,280-acre drilling and spacing unit for the Application Lands, for production from the Codell-Niobrara Formation

4. Applicant herein seeks the establishment of an approximate 1,280-acre drilling and spacing unit for the Application Lands, and the authority to drill twenty (20) horizontal wells within the proposed unit, for production of oil, gas and associated hydrocarbons from the Codell-Niobrara Formation. The establishment of the drilling and spacing unit is not smaller than the area which can be efficiently and economically drained by the drilling of the requested horizontal wells to be drilled within said unit.

5. Applicant herein requests the treated intervals of any horizontal well permitted under this Application should be located not less than 460 feet from unit boundaries and not less than 150 feet from any other well producing or drilling from the Codell or Niobrara Formation, without exception being granted by the Director.

6. Further, Applicant herein requests any permitted wells drilled under this Application should be located on no more than four multi-well pads within the drilling and spacing unit from Rule 318A drilling windows, or on adjacent lands with surface owner consent, without exception being granted by the Director.

Maintaining allocation of proceeds for existing wells within the proposed unit area and producing from the Codell and/or Niobrara Formations

7. Bonanza Creek presently operates the North Platte 21-24 well (API #05-123-25831), a vertical well with its bottomhole located in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 24, Township 5 North, Range 63 West, 6th P.M., and allocates production on a 160-acre unit basis established by Order No. 1-222 for the SW $\frac{1}{4}$ of said Section 24, for production of oil, gas and associated hydrocarbons from the Codell-Niobrara Formation.

8. Bonanza Creek presently operates the North Platte 23-24 well (API #05-123-25829), a vertical well with its bottomhole located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 24, Township 5 North, Range 63 West, 6th P.M., and allocates production on a 160-acre unit basis established by Order No. 1-222 for the SW $\frac{1}{4}$ of said Section 24, for production of oil, gas and associated hydrocarbons from the Codell-Niobrara Formation.

9. Bonanza Creek presently operates the Monahan Federal 24 well (API #05-123-11236), a vertical well with its bottomhole located in the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 24, Township 5 North, Range 63 West, 6th P.M., and allocates production on a 160-acre leasehold basis designating the NE $\frac{1}{4}$ of said Section 24, for production of oil, gas and associated hydrocarbons from the Codell-Niobrara Formation.

10. Bonanza Creek presently operates the North Platte 11-24 well (API #05-123-25824), a vertical well with its bottomhole located in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 24, Township 5 North, Range 63

West, 6th P.M., and allocates production on a 160-acre unit basis established by Order No. 1-222 for the SW¹/₄ of said Section 24, for production of oil, gas and associated hydrocarbons from the Codell-Niobrara Formation.

11. Bonanza Creek presently operates the North Platte 24A well (API #05-123-30515), a vertical well with its bottomhole located in the NW¹/₄ NW¹/₄ of Section 24, Township 5 North, Range 63 West, 6th P.M., and allocates production on a 160-acre unit basis established by Order No. 1-222 for the SW¹/₄ of said Section 24, for production of oil, gas and associated hydrocarbons from the Codell-Niobrara Formation.

12. Bonanza Creek presently operates the North Platte 13-24 well (API #05-123-25826), a vertical well with its bottomhole located in the NW¹/₄ SW¹/₄ of Section 24, Township 5 North, Range 63 West, 6th P.M., and allocates production on a 160-acre unit basis established by Order No. 1-222 for the SW¹/₄ of said Section 24, for production of oil, gas and associated hydrocarbons from the Codell-Niobrara Formation.

13. Bonanza Creek presently operates the North Platte 24-24 well (API #05-123-25827), a vertical well with its bottomhole located in the SE¹/₄ SW¹/₄ of Section 24, Township 5 North, Range 63 West, 6th P.M., and allocates production on a 160-acre unit basis established by Order No. 1-222 for the SW¹/₄ of said Section 24, for production of oil, gas and associated hydrocarbons from the Codell-Niobrara Formation.

14. Bonanza Creek presently operates the North Platte E-A-24HNC well (API #05-123-39517), a Rule 318A.a.(4) horizontal well which allocates production on a 320-acre unit basis designating the W¹/₂ W¹/₂ of Section 24, Township 5 North, Range 63 West, 6th P.M., and the E¹/₂ E¹/₂ of Section 23, Township 5 North, Range 63 West, 6th P.M., for production of oil, gas and associated hydrocarbons from the Niobrara Formation.

15. Bonanza Creek presently operates the North Platte O-K-24HC well (API #05-123-39518), a Rule 318A.a.(4) horizontal well which allocates production on a 320-acre unit basis designating the E¹/₂ W¹/₂ and W¹/₂ E¹/₂ of Section 24, Township 5 North, Range 63 West, 6th P.M., for production of oil, gas and associated hydrocarbons from the Codell Formation.

16. Bonanza Creek presently operates the North Platte O-K-24HNB well (API #05-123-39519), a Rule 318A.a.(4) horizontal well which allocates production on a 320-acre unit basis designating the E¹/₂ W¹/₂ and W¹/₂ E¹/₂ of Section 24, Township 5 North, Range 63 West, 6th P.M., for production of oil, gas and associated hydrocarbons from the Niobrara Formation.

17. Bonanza Creek presently operates the North Platte E-A-24HNA well (API #05-123-39520), a Rule 318A.a.(4) horizontal well which allocates production on a 320-acre unit basis designating the W¹/₂ W¹/₂ and E¹/₂ E¹/₂ of Section 24, Township 5 North, Range 63 West, 6th P.M., and the EE of Section 23, Township 5 North, Range 63 West, 6th P.M., for production of oil, gas and associated hydrocarbons from the Niobrara Formation.

18. Bonanza Creek presently operates the North Platte 24C well (API #05-123-30508), a vertical well with its bottomhole located in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 24, Township 5 North, Range 63 West, 6th P.M., and allocates production on a 160-acre unit basis established by Order No. 1-222 for the SW $\frac{1}{4}$ of said Section 24, for production of oil, gas and associated hydrocarbons from the Codell-Niobrara Formation.

19. Bonanza Creek presently operates the North Platte 12-24 well (API #05-123-25830), a vertical well with its bottomhole located in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 24, Township 5 North, Range 63 West, 6th P.M., and allocates production on a 160-acre unit basis designating the NW $\frac{1}{4}$ of said Section 24, for production of oil, gas and associated hydrocarbons from the Codell-Niobrara Formation.

20. Bonanza Creek presently operates the North Platte 24-21-24HZ well (API #05-123-35663), a Rule 318A.a.(4) horizontal well which allocates production on an 320-acre unit basis designating the W $\frac{1}{2}$ of Section 24, Township 5 North, Range 63 West, 6th P.M., for production of oil, gas and associated hydrocarbons from the Niobrara Formation.

21. Bonanza Creek presently operates the North Platte J-E-24HZ well (API #05-123-35867), a Rule 318A.a.(4) horizontal well which allocates production on a 320-acre unit basis designating the W $\frac{1}{2}$ of Section 24, Township 5 North, Range 63 West, 6th P.M., for production of oil, gas and associated hydrocarbons from the Niobrara Formation.

22. Bonanza Creek presently operates the North Platte 14-24 well (API #05-123-25825), a vertical well with its bottomhole located in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 24, Township 5 North, Range 63 West, 6th P.M., and allocates production on a 160-acre unit basis designating the SW $\frac{1}{4}$ of said Section 24, for production of oil, gas and associated hydrocarbons from the Codell-Niobrara Formation.

23. Noble Energy, Inc. presently operates the 70 Ranch USX BB 25-99HZ well (API #05-123-31050), a horizontal well which allocates production on a 640-acre leasehold basis designating Section 25, Township 5 North, Range 63 West, 6th P.M., for production of oil, gas and associated hydrocarbons from the Niobrara Formation.

24. Noble Energy, Inc. presently operates the 70 Ranch USX BB 25-96-1HN well (API #05-123-34781), a Rule 318A.a.(4) horizontal well which allocates production on a 400-acre unit basis designating the NW $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 25, Township 5 North, Range 63 West, 6th P.M., for production of oil, gas and associated hydrocarbons from the Niobrara Formation.

25. Noble Energy, Inc. presently operates the 70 Ranch USX BB 25-68HZ well (API #05-123-34783), a Rule 318A.a.(4) horizontal well which allocates production on a 160-acre unit basis designating the N $\frac{1}{2}$ N $\frac{1}{2}$ of Section 25, Township 5 North, Range 63 West, 6th P.M., for production of oil, gas and associated hydrocarbons from the Niobrara Formation.

26. Noble Energy, Inc. presently operates the 70 Ranch USX BB 25-04 well (API #05-123-26067), a vertical well with its bottomhole located in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 25, Township 5 North,

Range 63 West, 6th P.M., and allocates production on an 80-acre leasehold basis designating the W½ NW¼ of said Section 25, for production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations, and a 320-acre leasehold basis for the W½ of said Section 25, for production of oil, gas and associated hydrocarbons from the J-Sand Formation.

27. Noble Energy, Inc. presently operates the 70 Ranch USX BB 25-07P well (API #05-123-31070), a vertical well with its bottomhole located in the SW¼ NE¼ of Section 25, Township 5 North, Range 63 West, 6th P.M., and allocates production on a 80-acre leasehold basis designating the W½ NWE¼ of said Section 24, for production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations.

28. Applicant requests that allocation of proceeds from the aforementioned-wells be maintained and unaltered by the approved Application, for production of oil, gas and associated hydrocarbons from the Codell and/or Niobrara Formations.

* * *

29. The granting of this Application is in accord with the Oil and Gas Conservation Act found at §34-60-101, *et seq.*, C.R.S., and the COGCC rules.

30. Applicant requests that relief granted as result of this Application should be effective on oral order by the Commission, and Applicant hereby agrees to be bound by the oral order of the Commission.

31. That the names and addresses of interested parties (owners within the Application Lands) according to the information and belief of the Applicant are set forth in Exhibit B attached hereto. The Applicant shall submit a certificate of service for the Application within seven days of submittal of the Application, as required by Rule 503.e.

WHEREFORE, Applicant respectfully requests this matter be set for hearing, notice be given as required by law, and that upon such hearing the Commission enter its order:

A. Establishing an approximate 1,280-acre drilling and spacing unit for the Application Lands, and authorizing the drilling of twenty (20) horizontal wells within the proposed unit, for production of oil, gas and associated hydrocarbons from the Codell-Niobrara Formation, with the treated intervals of any horizontal well permitted under this Application located not less than 460 feet from unit boundaries and not less than 150 feet from any other well producing or drilling from the Codell or Niobrara Formation, without exception being granted by the Director, with any permitted well located on no more than four multi-well pads within the drilling and spacing unit from Rule 318A drilling windows, or on adjacent lands with surface owner consent, without exception being granted by the Director.

B. Limiting the drilling of any permitted wells under this Application to no more than four multi-well pads within the drilling and spacing unit, or on adjacent lands with surface owner consent, without exception being granted by the Director.

C. Maintaining allocation of proceeds for any existing wells located within the proposed unit area and producing from the Codell and/or Niobrara Formations.

D. For such other findings and orders as the Commission may deem proper or advisable given the premises.

{The remainder of this page is intentionally left blank}

DATED this 18th day of January, 2018.

Respectfully submitted,

BONANZA CREEK ENERGY OPERATING CO., LLC

By:

Robert A. Willis
Robert A. Willis (Colorado Bar #26308)
The Shanor Group LLC
600 Seventeenth Street, Suite 2800
Denver, CO 80202
(303) 995-5120

Applicant's Address:

Bonanza Creek Energy Operating Co., LLC
410 Seventeenth St., Suite 1400
Denver, CO 80202

VERIFICATION

STATE OF COLORADO)
) ss.
CITY & COUNTY OF DENVER)

Maxwell Faith, Land Manager for Bonanza Creek Energy Operating Co., LLC, upon oath deposes and says that he has read the foregoing Application and that the statements contained therein are true to the best of his knowledge, information and belief.

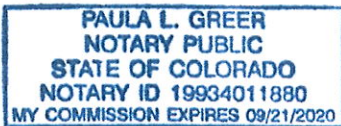
LLC BONANZA CREEK ENERGY OPERATING CO.,

Maxwell Faith
Maxwell Faith

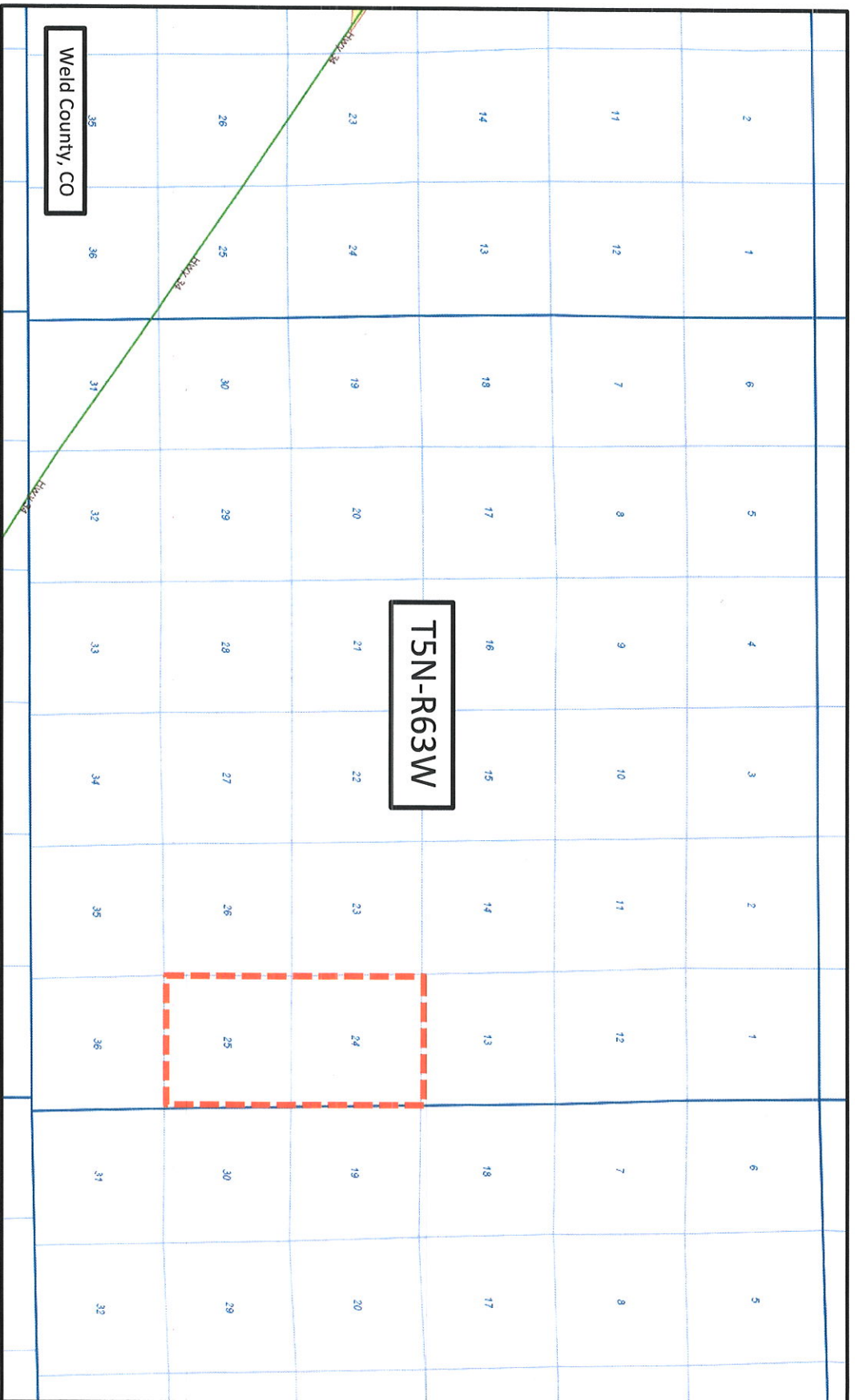
Subscribed and sworn to before me this 19th day of January, 2018, by Maxwell Faith, Land Manager for Bonanza Creek Energy Operating Co., LLC.

Witness my hand and official seal.

My commission expires: 9/21/2020



Paula L. Greer
Notary Public



Application Lands

Exhibit A

EXHIBIT B

INTERESTED PARTIES

Robert Willis, Esq.
The Shanor Group LLC
600 17th Street, Suite 2800
Denver, CO 80202

Bonanza Creek Energy Operating
Co., LLC
Attn: Maxwell Faith
410 17th Street, Suite 1400
Denver, CO 80202

Troy Swain
Weld County
Dep't of Planning Services
1555 North 17th Ave.
Greeley, CO 80631

Kent Kuster
CDPHE
4300 Cherry Creek Dr. South
Denver, CO 80246-1530

Colo. Parks & Wildlife
Attn: Brandon Marette
6060 Broadway
Denver, CO 80216

Kerr-McGee Oil & Gas Onshore
LP
1099 18th Street, Suite 700
Denver, CO 80202

Bonanza Creek Energy
Operating Co., LLC
410 17th Street, Suite 1400
Denver, CO 80202

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

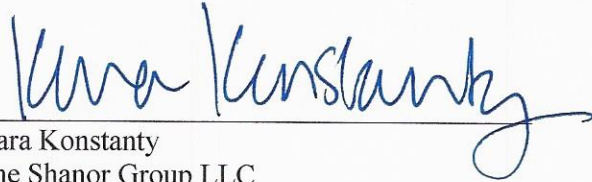
BEFORE THE OIL AND GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF THE APPLICATION OF BONANZA) CAUSE NO. 407
CREEK ENERGY OPERATING CO., LLC, FOR AN ORDER)
ESTABLISHING AN APPROXIMATE 1,280-ACRE) DOCKET NO. 180300184
DRILLING AND SPACING UNIT FOR SECTIONS 24 & 25,)
TOWNSHIP 5 NORTH, RANGE 63 WEST, 6TH P.M., AND) TYPE: Spacing
AUTHORIZING THE DRILLING OF TWENTY)
HORIZONTAL WELLS WITHIN SAID UNIT, FOR)
PRODUCTION FROM THE CODELL-NIOBRARA)
FORMATION, WATTENBERG FIELD, WELD COUNTY,)
COLORADO)

CERTIFICATE OF MAILING

I, Kara Konstanty, hereby certify that on the 23rd day of January, 2018, I caused a copy of the Application in the above referenced Docket No. to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit B of the Application.

DATED this 23rd day of January, 2018.



Kara Konstanty
The Shanor Group LLC
600 17th Street, Suite 2800
Denver, CO 80202