

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
INCREASING AUTHORIZED WELL DENSITY TO 12)
HORIZONTAL WELLS IN THE APPROXIMATE 640-) DOCKET NO. *To be assigned*
ACRE DRILLING AND SPACING UNIT ESTABLISHED)
FOR SECTION 30, TOWNSHIP 7 NORTH, RANGE 62) TYPE: Additional wells
WEST, 6TH P.M., FOR PRODUCTION FROM THE CODELL)
AND NIOBRARA FORMATIONS, 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) modifying the approximate 640-acre drilling and spacing unit established by Order No. 407-559 for Section 30, Township 7 North, Range 62 West, 6th P.M., for production of oil, gas and associated hydrocarbons from the Niobrara Formation, to include production of oil, gas and associated hydrocarbons from the Codell Formation, (2) increasing authorized well density to 12 horizontal wells for the approximate 640-acre drilling and spacing unit established for said Section 30, for production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations, and (3) maintaining allocation of proceeds for any existing wells located within the approximate 640-acre unit area for said Section 30 drilled and producing from the Codell and/or Niobrara Formations. 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 7 North, Range 62 West, 6th P.M.
Section 30: All

The Application Lands comprise 640 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.

4. On June 27, 2011, the Commission issued Order No. 407-559 which, among other things, established an approximate 640-acre drilling and spacing unit for the Application Lands, and authorized one horizontal well within the unit, for production of oil, gas and associated hydrocarbons from the Niobrara Formation, with the treated interval of any permitted to be located not less than 460 feet from unit boundaries, without exception from the Director, from surface locations consistent with Rule 318A drilling windows.

5. On May 29, 2012, the Commission issued Order No. 407-642 which, among other things, increased authorized horizontal well density from one to four wells for the 640-acre drilling and spacing unit established for the Application Lands, for production of oil, gas and associated hydrocarbons from the Niobrara Formation.

6. On November 15, 2012, the Commission issued Order No. 407-732 which, among other things, pooled all interests within the approximate 640-acre drilling and spacing unit established for the Application Lands, for development and operation of the Niobrara Formation, and authorizing §34-60-116(7), C.R.S., cost recovery and statutory risk penalties from those interests belonging to certain nonconsenting owners for the drilling, completion and operation of the Crow Valley 7-62-30 2H well (API No. 005-123-35250) (“Well”).

Modifying the approximate 640-acre drilling and spacing unit established for the Application Lands, for production from the Niobrara Formation, to include production from the Codell Formation

7. Applicant herein seeks to modify the approximate 640-acre drilling and spacing unit established by Order No. 407-559 for the Application Lands, for production of oil, gas and associated hydrocarbons from the Niobrara Formation, to include production of oil, gas and associated hydrocarbons from the Codell Formation. The Application Lands lie within Rule 318A, the Greater Wattenberg Area (“GWA”) and, as such, by rule the Codell and Niobrara Formations constitute a common source of supply.

Increasing well density authorized for the approximate 640-acre drilling and spacing unit established for the Application Lands from four horizontal wells to 12, for production from the Codell and Niobrara Formations

8. Further, Application herein seeks an order increasing authorized well density from four horizontal wells to 12 wells for the approximate 640-acre drilling and spacing unit established by Order No. 407-559, for production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations. The number of requested horizontal wells under this Application is not smaller than the area which can be efficiently and economically drained by the drilling of the requested wells to be drilled within the unit area.

9. 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.

10. Further, Applicant herein requests any permitted wells drilled under this Application should be located on no more than two multi-well pads within the drilling and spacing unit from Rule 318A drilling windows or on lands outside the windows with surface owner consent, 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

11. Bonanza Creek presently operates the Well, a horizontal well located within the Application Lands and authorized by Order No. 407-559, and allocates production on a 640-acre unit basis, having pooled all interests within the Application Lands, for development and operation of the Niobrara Formation and subjecting those interests of certain nonconsenting owners to recovery of §34-60-116(7), C.R.S., costs and statutory risk penalties.

12. 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 Niobrara Formation.

* * *

13. 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.

14. 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.

15. 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 by September 6, 2018, conforming with the Rule 503.e. by serving on interested parties within 7 days of the August 30 application deadline fixed by COGCC staff for the upcoming October 29-30 Commission hearing.

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. Modifying the approximate 640-acre drilling and spacing unit established by Order No. 407-559 for the Application Lands, for production of oil, gas and associated hydrocarbons from the

Niobrara Formation, to include production of oil, gas and associated hydrocarbons from the Codell Formation.

B. Increasing authorized well density from four horizontal wells to 12 wells for the approximate 640-acre drilling and spacing unit established for the Application Lands, for production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations, with any permitted well issued under the approved 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.

C. Limiting the drilling of any permitted wells under this Application to no more than two multi-well pads located on no more than two multi-well pads within the drilling and spacing unit from Rule 318A drilling windows or on lands outside the windows with surface owner consent, or on adjacent lands with surface owner consent, without exception being granted by the Director.

D. Maintaining existing allocation of proceeds for the Well which produces from the Niobrara Formation.

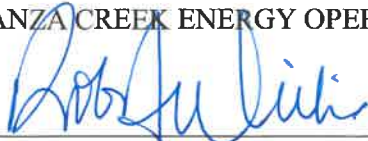
E. For such other findings and orders as the Commission may deem proper or advisable given the premises.

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DATED this 4th day of September, 2018.

Respectfully submitted,

BONANZA CREEK ENERGY OPERATING CO., LLC

By: 

Robert A. Willis (Colorado Bar #26308)
Poulson, Odell & Peterson, LLC
1775 Sherman Street, Suite 1400
Denver, CO 80203
(303) 861-4400 (main)
(303) 264-4418 (direct)
(303) 995-5120 (cell)

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.

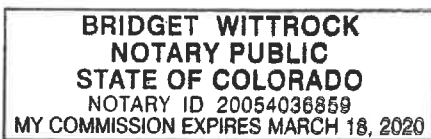
BONANZA CREEK ENERGY OPERATING CO., LLC


Maxwell Faith

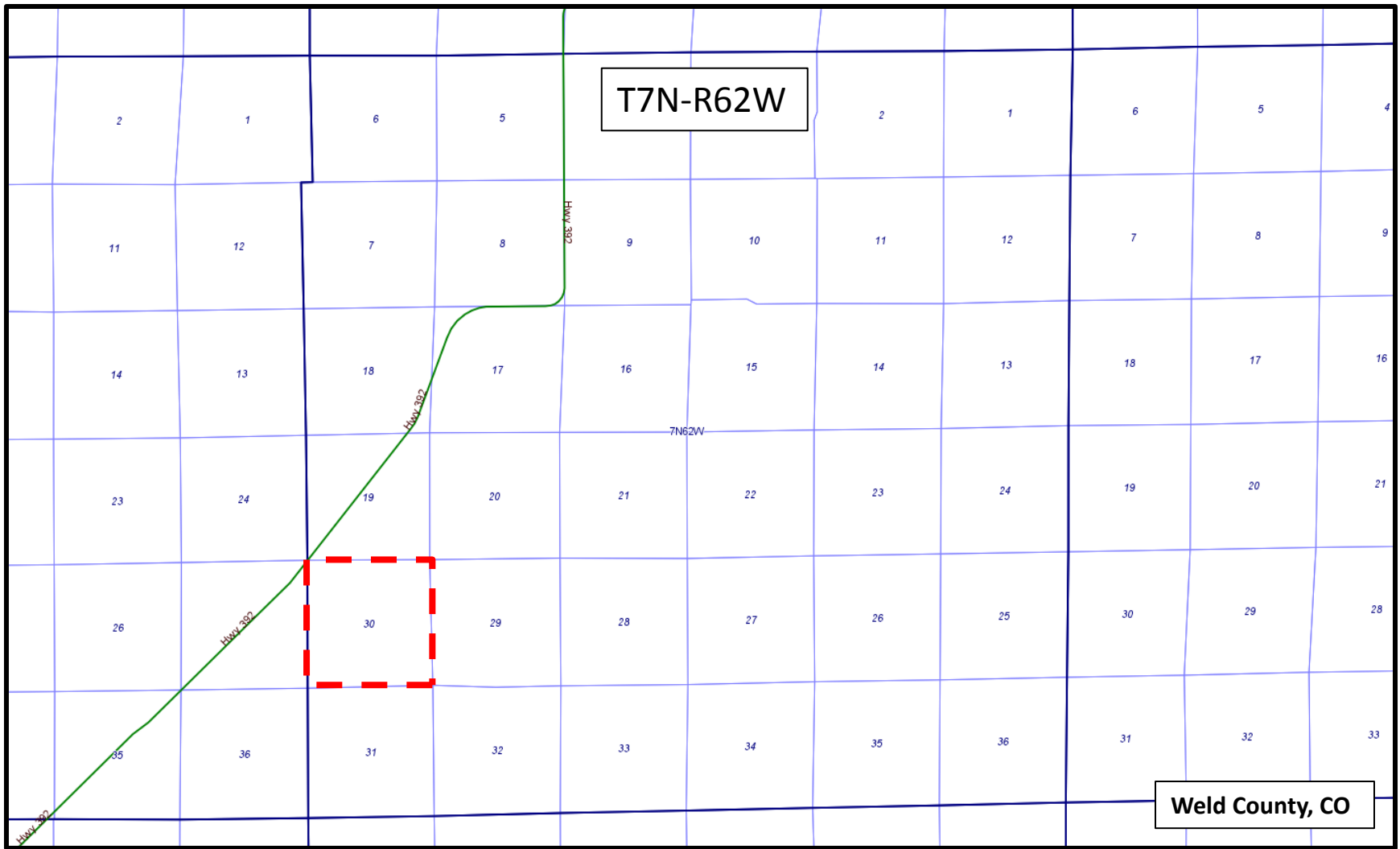
Subscribed and sworn to before me this 4th day of September, 2018, by Maxwell Faith, Land Manager for Bonanza Creek Energy Operating Co., LLC.

Witness my hand and official seal.

My commission expires: 03-18-2020




Notary Public



Increased Density Application
Township 7 North, Range 62 West
Section 30: ALL


Subject Lands

Exhibit A

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
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WEST, 6TH P.M., FOR PRODUCTION FROM THE CODELL)
AND NIOBRARA FORMATIONS, WATTENBERG FIELD,)
WELD COUNTY, COLORADO)

CERTIFICATE OF MAILING

I, Bridget Wittrock, hereby certify that on the 6th day of September, 2018, I caused a copy of the Application in the above-referenced Docket Number to be deposited in the U.S. Mail, postage prepaid, addressed to the parties listed on Exhibit B attached hereto.

DATED this 6th day of September, 2018.



Bridget Wittrock
Poulson, Odell & Peterson, LLC
1775 Sherman Street, Suite 1400
Denver, Colorado 80203

EXHIBIT B

INTERESTED PARTIES

Bonanza Creek Energy Operating
Company, LLC
410 17th Street, Suite 1400
Denver, CO 80202
181000869

Kent Kuster
CDPHE
4300 Cherry Creek Dr. South
Denver, CO 80246-1530
181000869

Colo. Parks & Wildlife
Attn: Brandon Marette
6060 Broadway
Denver, CO 80216
181000869

Troy Swain
Weld County
Dept. of Planning Services
1555 North 17th Ave.
Greeley, CO 80631 181000869