

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 640-ACRE)
DRILLING AND SPACING UNIT FOR SECTION 31,) DOCKET NO. **181000879**
TOWNSHIP 5 NORTH, RANGE 61 WEST, 6TH P.M., AND)
AUTHORIZING THE DRILLING OF TWELVE) TYPE: Spacing
HORIZONTAL WELLS WITHIN SAID UNIT, FOR)
PRODUCTION FROM THE CODELL AND NIOBRARA)
FORMATIONS, WATTENBERG FIELD, WELD COUNTY,)
COLORADO)

AMENDED 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 640-acre drilling and spacing unit for Section 31, Township 5 North, Range 61 West, 6th P.M., and authorizing the drilling of twelve (12) horizontal wells within the proposed unit, for production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations, and (2) maintaining allocation of proceeds for any existing wells located within the proposed 640-acre unit area and producing from the Codell or Niobrara Formation. In support of this amended 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 61 West, 6th P.M.
Section 31: 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

and Niobrara Formations, where the Codell and Niobrara Formation constitute a common source of supply.

Establishing an approximate 640-acre drilling and spacing unit for the Application Lands, for production from the Codell and Niobrara Formations

4. Applicant herein seeks the establishment of an approximate 640-acre drilling and spacing unit for the Application Lands, and the authority to drill twelve (12) horizontal wells within the proposed unit, for production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations. 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 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

7. Bonanza Creek presently operates the State Pronghorn U-32-31MRLNB well (API #05-123-40108), a Rule 318A.a.(4) horizontal wellbore spacing unit with its bottomhole located near the northern section line of Section 31, Township 5 North, Range 61 West, 6th P.M., which allocates production on a 480-acre unit basis established by Rule 318A.e.(5), for production of oil, gas and associated hydrocarbons from the Niobrara Formation.

8. Bonanza Creek presently operates the State Pronghorn 41-32-31MRLNB well (API #05-123-42352), a Rule 318A.a.(4) horizontal wellbore spacing unit with its bottomhole located in the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 31, Township 5 North, Range 61 West, 6th P.M., which allocates production on a 480-acre unit basis established by Rule 318A.e.(5), for production of oil, gas and associated hydrocarbons from the Niobrara Formation.

9. Bonanza Creek presently operates the State Pronghorn V-32-31MRLNB well (API #05-123-42353), a Rule 318A.a.(4) horizontal wellbore spacing unit with its bottomhole located in the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 31, Township 5 North, Range 61 West, 6th P.M., which allocates production on a 480-acre unit basis established by Rule 318A.e.(5), for production of oil, gas and associated hydrocarbons from the Niobrara Formation.

10. Bonanza Creek presently operates the State Pronghorn 42-32-31MRLNB well (API #05-123-42350), a Rule 318A.a.(4) horizontal wellbore spacing unit with its bottomhole located in the SW $\frac{1}{4}$

NE $\frac{1}{4}$ of Section 31, Township 5 North, Range 61 West, 6th P.M., which allocates production on a 480-acre unit basis established by Rule 318A.e.(5), for production of oil, gas and associated hydrocarbons from the Niobrara Formation.

11. Bonanza Creek presently operates the State Pronghorn W-32-31MRLNB well (API #05-123-42351), a Rule 318A.a.(4) horizontal wellbore spacing unit with its bottomhole located in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 31, Township 5 North, Range 61 West, 6th P.M., which allocates production on a 400-acre unit basis established by Rule 318A.e.(5), for production of oil, gas and associated hydrocarbons from the Niobrara Formation.

12. Bonanza Creek presently operates the **State Pronghorn W43-32-31MRLNC** well (API #05-123-**42158**), a Rule 318A.a.(4) horizontal wellbore spacing unit with its bottomhole located in the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 31, Township 5 North, Range 61 West, 6th P.M., which allocates production on a 400-acre unit basis established by Rule 318A.e.(5), for production of oil, gas and associated hydrocarbons from the Niobrara Formation.

13. Bonanza Creek presently operates the State Pronghorn X43-32-31MRLNC well (API #05-123-41260), a Rule 318A.a.(4) horizontal wellbore spacing unit with its bottomhole located in the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 31, Township 5 North, Range 61 West, 6th P.M., which allocates production on a 400-acre unit basis established by Rule 318A.e.(5), for production of oil, gas and associated hydrocarbons from the Niobrara Formation.

14. Bonanza Creek presently operates the State Pronghorn X32-31MRLNB well (API #05-123-41263), a Rule 318A.a.(4) horizontal wellbore spacing unit with its bottomhole located in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 31, Township 5 North, Range 61 West, 6th P.M., which allocates production on a 400-acre unit basis established by Rule 318A.e.(5), for production of oil, gas and associated hydrocarbons from the Niobrara Formation.

15. Bonanza Creek presently operates the State Pronghorn X44-32-31-31MRLNC well (API #05-123-41261), a Rule 318A.a.(4) horizontal wellbore spacing unit with its bottomhole located in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 31, Township 5 North, Range 61 West, 6th P.M., which allocates production on a 400-acre unit basis established by Rule 318A.e.(5), for production of oil, gas and associated hydrocarbons from the Niobrara Formation.

16. Bonanza Creek presently operates the State Pronghorn 44-32-31MRLNB well (API #05-123-41262), a Rule 318A.a.(4) horizontal wellbore spacing unit with its bottomhole located in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 31, Township 5 North, Range 61 West, 6th P.M., which allocates production on a 200-acre unit basis established by Rule 318A.e.(5), for production of oil, gas and associated hydrocarbons from the Niobrara Formation.

17. Bonanza Creek is the operator for an approved Application for Permit-to-Drill (APD) for the State Pronghorn 43-32-31MRLNB well (API #05-123-41259), a Rule 318A.a.(4) horizontal wellbore spacing unit with its planned bottomhole located in the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 31, Township 5 North,

Range 61 West, 6th P.M., which allocates production on a 200-acre unit basis established by Rule 318A.e.(5), for production of oil, gas and associated hydrocarbons from the Niobrara Formation.

18. Bonanza Creek is the operator for an approved APD for the State Pronghorn Y44-32-31MRLNC well (API #05-123-42226), a Rule 318A.a.(4) horizontal wellbore spacing unit with its planned bottomhole located in the SE¹/₄ SE¹/₄ of Section 31, Township 5 North, Range 61 West, 6th P.M., which allocates production on a 440-acre unit basis established by Rule 318A.e.(5), for production of oil, gas and associated hydrocarbons from the Niobrara Formation.

19. Bonanza Creek is the operator for an approved APD for the State Pronghorn Y32-31MRLNB well (API #05-123-42225), a Rule 318A.a.(4) horizontal wellbore spacing unit with its planned bottomhole located in the SE¹/₄ SE¹/₄ of Section 31, Township 5 North, Range 61 West, 6th P.M., which allocates production on a 440-acre unit basis established by Rule 318A.e.(5), for production of oil, gas and associated hydrocarbons from the Niobrara Formation.

20. 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. Further, Applicant requests the aforementioned wells not count against proposed well density for an approved Application, for production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations.

* * *

21. 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.

22. 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.

23. 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. Establishing an approximate 640-acre drilling and spacing unit for the Application Lands, and authorizing the drilling of twelve (12) horizontal wells within the proposed unit, for production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations, 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.

B. Limiting the drilling of any permitted wells under this Application to 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.

C. Maintaining allocation of proceeds for any existing wells located within the proposed unit area and producing from the Codell and/or Niobrara Formations, **and not count against proposed well density for an approved Application, for production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations.**

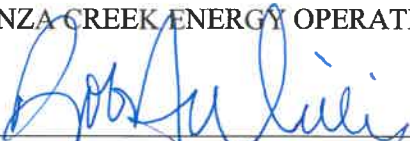
D. For such other findings and orders as the Commission may deem proper or advisable given the premises.

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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.

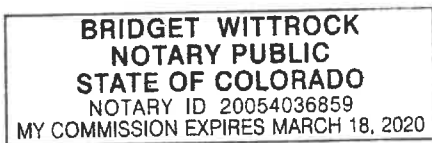
BONANZA CREEK ENERGY OPERATING CO., LLC


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

Exhibit A

Application Map



- Application Lands

Township 5 North, Range 61 West, 6th P.M.

7	8	9	10	11	12				
18	17	16	15	14	13				
19	20	21	22	23	24				
30	29	28	27	26	25				
31	32	33	34	35	36				

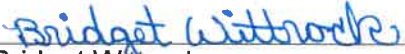
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PRODUCTION FROM THE CODELL AND NIOBRARA)
FORMATIONS, WATTENBERG FIELD, WELD)
COUNTY, COLORADO)

CERTIFICATE OF MAILING

I, Bridget Wittrock, hereby certify that on the 25th day of September, 2018, I caused a copy of the Amended Application in the above-referenced Docket Number to be deposited in the U.S. Mail, postage prepaid, addressed to the parties listed on the original Application as Exhibit B, with address changes as listed on Supplemental Exhibit B attached hereto.

DATED this 26th day of September, 2018.



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

Docket No. 181000879

SUPPLEMENTAL EXHIBIT B

INTERESTED PARTIES

Sean Hackett
CDPHE
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Denver, CO 80246-1530

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Weld County
Dept. of Planning Services
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