

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 33 & 34, ) DOCKET NO. **181000880**  
TOWNSHIP 6 NORTH, RANGE 61 WEST, 6<sup>TH</sup> 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) vacating two approximate 640-acre drilling and spacing units established for Sections 33 and 34, Township 6 North, Range 61 West, 6<sup>th</sup> P.M., for production of oil, gas and associated hydrocarbons from the Niobrara Formation, (2) establishing an approximate 1,280-acre drilling and spacing unit for said Sections 33 and 34, 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 (3) maintaining allocation of proceeds for any existing wells located within the approximate 640-acre unit area for said Section 33 drilled and producing from the 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 6 North, Range 61 West, 6<sup>th</sup> P.M.  
Section 33: All  
Section 34: 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 and Niobrara Formations, where the Codell and Niobrara Formation constitute a common source of supply.

4. On April 16, 2012, the Commission issued Order No. 407-583 which, among other things, established two approximate 640-acre drilling and spacing units for the Application Lands, and authorized the drilling of four (4) horizontal wells within said unit, for production of oil, gas and associated hydrocarbons from the Niobrara Formation, with the treated interval of any permitted wellbore to be located no closer than 460 feet from unit boundaries.

*Vacating two approximate 640-acre drilling and spacing units for the Application Lands, for production from the Niobrara Formation*

5. Applicant herein requests two approximate 640-acre drilling and spacing units established for the Application Lands, for production of oil, gas and associated hydrocarbons from the Niobrara Formation, be vacated. By vacating these units, Applicant will herein propose the establishment of an approximate 1,280-acre drilling and spacing unit for the Application Lands, and 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. This proposed development plan will allow the drilling of twelve (12) two-mile laterals running east-to-west or west-to-east within the proposed unit, thereby preventing waste while protecting correlative rights within, and adjacent to, the proposed unit area.

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

6. Applicant herein seeks the establishment of an approximate 1,280-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.

7. 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.

8. 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 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

9. Highpoint Operating Corp. presently operates the **Esterling** 44-33H well (API #05-123-35472), a horizontal well with its bottomhole located in the SW $\frac{1}{4}$  SW $\frac{1}{4}$  of Section 33, Township 6 North, Range 61 West, 6<sup>th</sup> P.M., and allocates production on a 640-acre unit basis established by Order No. 407-583 for said Section 33, for production of oil, gas and associated hydrocarbons from the Niobrara Formation.

10. Applicant requests that allocation of proceeds from the **Esterling** 44-33H well be maintained and unaltered by the approved Application, for production of oil, gas and associated hydrocarbons from the Niobrara Formation. Further, Applicant requests the aforementioned well not count against proposed well density for an approved Application, for production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formations.

\* \* \*

11. 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.

12. 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.

13. 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. Vacating two approximate 640-acre drilling and spacing units established for the Application Lands, for production of oil, gas and associated hydrocarbons from the Niobrara Formation.

B. Establishing an approximate 1,280-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.

C. Limiting the drilling of any permitted wells under this Application to no more than four 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 allocation of proceeds for the **Esterling** 44-33H well located within the approximate 640-acre unit area established for Section 33, Township 6 North, Range 61 West, 6<sup>th</sup> P.M., drilled and producing from the Niobrara Formation, **with the well not counting against proposed well density for an approved Application, for production of oil, gas and associated hydrocarbons from the Codell and Niobrara Formation.**

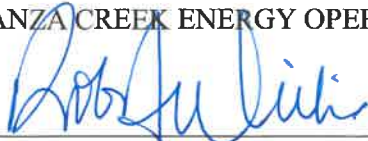
E. For such other findings and orders as the Commission may deem proper or advisable given the premises.

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DATED this 4<sup>th</sup> 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

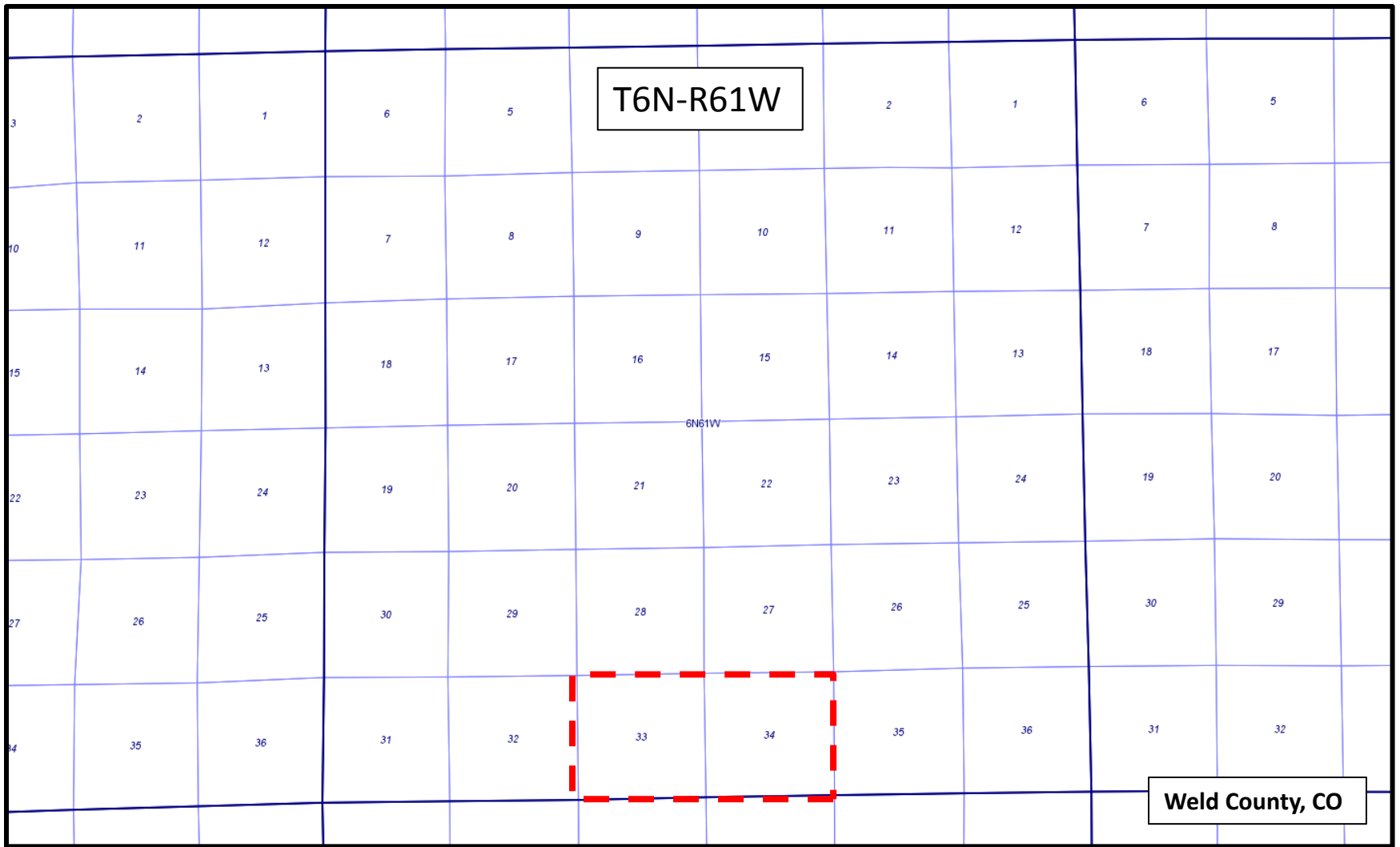
Subscribed and sworn to before me this 4<sup>th</sup> day of September, 2018, by Maxwell Faith, Land Manager for Bonanza Creek Energy Operating Co., LLC.

Witness my hand and official seal.

My commission expires: 03-18-2020



  
Notary Public



Drilling and Spacing Unit Application  
Township 6 North, Range 61 West

Section 33: ALL  
 Section 34: ALL

  
 Subject Lands


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P.M., AND AUTHORIZING THE DRILLING OF TWELVE ) TYPE: Spacing  
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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

SUPPLEMENTAL EXHIBIT B

INTERESTED PARTIES

Sean Hackett  
CDPHE  
4300 Cherry Creek Dr. South  
Denver, CO 80246-1530

Jason Maxey  
Weld County  
Dept. of Planning Services  
1555 North 17th Ave.  
Greeley, CO 80631