



*** NOTICE OF ALLEGED VIOLATION ***

OGCC Operator Number: 8960
Name of Operator: BONANZA CREEK ENERGY OPERATING COMPANY LLC
Address: P O BOX 21974 ATTN: GARY GROVE
City: BAKERSFIELD State: CA Zip: 93390
Company Representative: TOM PETERSON

Date Notice Issued:
10/11/2010

Well Name: Antelope Well Number: 18C Facility Number: 418113
Location (QtrQtr, Sec, Twp, Rng, Meridian): NESW 18 5N 62W 6 County: WELD
API Number: 05 123 31830 00 Lease Number:

COGCC Representative: AXELSON JOHN Phone Number: 303 637-7178

THE FOLLOWING ALLEGED VIOLATION WAS FOUND BY THE COGCC REPRESENTATIVE FOR THE SITE LISTED

Date of Alleged Violation: 10/11/2010 Approximate Time of Violation: 10:00AM
Description of Alleged Violation:
COGCC received a complaint from an adjacent landowner on 10/8/10 regarding dumping of drilling fluids. COGCC inspected area in the SE-1/4, Sec 31, T-5-N, R-63-W on 10/11/10. Property is owned by Gene Carlson at 30899 CR 50, Kersey, CO 80644. During the inspection three trucks operated by DeVoe Trucking were observed dumping drilling fluids in the field. The material was being hauled from the Antelope 18 C. DeVoe trucking estimated that they had been hauling drilling fluids to the field on behalf of Bonanza Creek for two months. None of the material had been incorporated into native soil. County records indicate the property is 98.7 acres. Much of the property had received drilling fluids including an area adjacent to Box Elder Creek where material had been dumped approximately 3-feet deep. There was no equipment on site at the time of the inspection to manage the material or incorporate it into native soil. The trucks were also tracking mud and drilling fluids onto Hwy 34 when exiting the property.

Act, Order, Regulation, Permit Conditions Cited:
Rule 324A.a., Rule 907.a., Rule 907.b., Rule 907.d., Rule 1002.f.(2)F.

Abatement or Corrective Action Required to be Performed by Operator:
Immediately incorporate all drilling fluids into native soil that were applied more than 10-days ago. Any additional application of drilling fluids shall be performed in accordance with COGCC Rule 907.d.(3)B.ii. Within five days provide COGCC with a copy of written authorization from the surface owner for application of drilling fluids on the property. Provide generator documentation required by COGCC Rule 907.b.(2) for all drilling fluids applied at the Carlson property in 2010 within five days. Provide documentation that the drilling fluids applied to the Carlson property do not contain concentrations of contaminants that exceed Table 910-1 levels. Immediately spread the material that was dumped adjacent to Box Elder Creek to a depth of no more than 3-inches and incorporate into native soil. Prevent any additional tracking of mud and drilling fluids onto Highway 34.
Abatement or Corrective Action to be Completed by (date): 10/21/2010
* Proper and timely abatement does not necessarily preclude the assessment of penalties and an Order Finding Violation.

TO BE COMPLETED BY OPERATOR - When alleged violation is corrected, sign this notice and return to above address:

Company Representative Name: Tom Peterson Title: ENGINEERING TECHNICIAN
Signature: [Signature] Date: 10/18/2010
Company Comments:

PILED DRILLING SPRING VIA MANURE SPREADER, ALL AREAS TURNED OVER WITH PLOW.
SAMPLE DELIVERED TO LAB FOR ANALYSIS AGAINST 910-1 TABLE, TRACK PAD CREATED AT H34 TO KEEP SOIL ON PREMISES. AUTHORIZATION AND VOLUMES ATTACHED.

*** THIS NOTICE CONSTITUTES A SEPARATE NOTICE OF ALLEGED VIOLATION FOR EACH VIOLATION LISTED ***

WARNING
Abatement and reporting time frames for Notices of Alleged Violation begin upon receipt of the Notice or five days after the date it is mailed, whichever is earlier. Each violation must be abated within the prescribed time upon receipt of this Notice, reported to the Colorado Oil and Gas Conservation Commission at the address shown above, and postmarked no later than the next business day after the prescribed time for abatement. Should abatement or corrective action fail to occur, the Director may make application to the Commission for an Order Finding Violation. Proper and timely abatement does not necessarily preclude the assessment of penalties and an Order Finding Violation.

PENALTY PROPOSED BY THE DIRECTOR PER RULE 523

The Director may propose a penalty as listed in the table below, not to exceed a maximum of \$1,000.00 per day per violation. Such proposed penalty amount will be limited to \$10,000.00 per violation if the violation does not result in significant waste of oil and gas resources, damage to correlative rights, or a significant adverse impact on public health, safety, or welfare. Such proposed penalty amount may be increased if aggravating factors indicate the violation: was intentional or reckless; had, or threatened to have, a significant negative impact on public health, safety, or welfare; resulted in significant waste of oil and gas resources; had a significant negative impact on correlative rights of other parties; resulted in, or threatened to result in, significant loss or damage to public or private property; involved recalcitrance or recidivism upon the part of the violator; involved intentional false reporting or record keeping; resulted in economic benefit to the violator. Such proposed penalty amount may be decreased if mitigating factors indicate the violator: self-reported; promptly, effectively and prudently responded to the violation; cooperated with the Commission or other agencies with respect to the violation; could not reasonably control, or be responsible for, the cause of the violation; made a good faith effort to comply with applicable requirements prior to the Commission learning of the violation; had any economic benefit reduced or eliminated due to the cost of correcting the violation; has demonstrated a history of compliance with Commission rules, regulations and orders. The Commission has final authority over the penalty amount assessed. The Commission or other agencies with respect to the violation; could not reasonably control, or be responsible for, the cause of the violation; made a good faith effort to comply with applicable requirements prior to the Commission learning of the violation; had any economic benefit reduced or eliminated due to the cost of correcting the violation; has demonstrated a history of compliance with Commission rules, regulations, and orders. The Commission has final authority over the penalty amount assessed.

BASE FINE \$500.00 PER DAY PER VIOLATION RULES 210, 307, 311, 312, 313, 314A, 315, 405, 803, 804
BASE FINE \$1,000.00 PER DAY PER VIOLATION: RULES 205, 206, 207, 208, 209, 301, 302, 303, 305, 306, 308, 309, 310, 313A, 316A, 316B, 317, 317A, 317B, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 341, 401, 403, 404, 602, 603, 604, 606A, 606B, 607, 608, 703, 704, 705, 706, 707, 708, 709, 711, 712, 802, 805, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 1002, 1003, 1004, 1101, 1102, 1103, 1201, 1203, 1204, 1103, 1201, 1203, 1204, 1205

In accordance with Rule 523.a.(4), fines for violations for which no base fine is listed shall be determined by the Commission at its discretion.

Signature of COGCC Representative: [Signature] Date: 10/11/2010 Time: 3:00PM
Resolution Approved by: _____ Date: _____

BONANZA CREEK ENERGY OPERATING COMPANY, LLC

CORPORATE OFFICE
410- 17th Street, Suite 1320
Denver, CO 80202
Office: (720) 279-2330
Fax: (720) 279-2331

MID-CONTINENT OFFICE
1331 Lamar Street, Suite 1135
Houston, TX 77010
Office: (713) 337-1250
Fax: (713) 337-1255

WESTERN REGION OFFICE
4900 California Ave, Ste 350B
Bakersfield, CA 93309
P.O. Box 21974
Office: (661) 638-2730

www.bonanzacrk.com

October 18, 2010

Mr. John Axelson, P.G.
Colorado Oil & Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, CO 80203

RE: NOAV 20276792

Dear Mr. Axelson,

It is the intention of Bonanza Creek to always be compliant with the regulations we work under whether they be local, state or federal and we apologize for not being compliant this time.

Bonanza Creek has moved the piled tailings onto a manure spreader and evenly spread it across the property then turned over the entire field with a tractor and disc. We are currently building a track pad on the east entrance to the property from Highway 34 to contain any loose mud or drilling fluid before exiting the property.

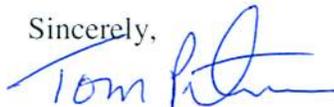
Bonanza Creek will create and utilize a drilling mud manifest to get a better volume count of the material we transfer to the land farm. For this report, volumes are estimated from vendor invoices and verbal conversations with the vendors. We will utilize a sectional system to keep track of which sections we are spreading onto and which sections need turned over by the disc.

On October 12, a sample was taken from the piled area and delivered to Analytica Laboratories for analysis to ensure there was no contaminant concentration that exceeds the Table 910-1 levels. We expect to have the results within two weeks and will provide the results as soon as they are available.

Attached are the authorizations from Ms. Carlson for spreading drilling mud on her property. The Analytica Chain of Custody form for the sample delivered on October 12. A spreadsheet with the estimated volumes of liquids and solids delivered to the property during this drilling season along with the invoices from the trucking companies involved.

If you have any questions regarding this submittal, please feel free to call me at 720-279-2330 x206.

Sincerely,



Tom Peterson, Engineering Technician
Bonanza Creek Energy Operating Co. LLC

Enclosures

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October 12, 2010

Ms. Denise Carlson
30899 County Road 50
Kersey, CO 80644

RE: Approval to Spread Drilling Mud
NW/4 SE/4 Section 31, Township 5 North, Range 63 West
Weld County, Colorado, Land File COMCL1086

Dear Ms. Carlson:

The following is a letter for approval to spread drilling mud on your land located at NW/4 SE/4 Section 31, Township 5 North, Range 63 West. Drilling Mud from the remaining wells in our 2010 Drilling Program will be spread on your land at the above location and Bonanza will pay [REDACTED] per well for the right to spread the mud. When drilling is completed, Bonanza will disk the ground to incorporate the mud into the soil.

Please sign in the space provided below, retain one copy of this letter for your records, and return one to the undersigned for the completion of our records.

Sincerely,



Kerry McCowen
Vice President Rocky Mountain Operations

I hereby approve Bonanza Creek to spread the drilling mud from the remaining drilling program wells on my land located at NW/4 SE/4 Section 31, Township 5 North, Range 63 West.

Denise Carlson

By Denise Y. Carlson
Signature

10/13/10
Date

Enclosures

BONANZA CREEK ENERGY COMPANY, LLC

CORPORATE OFFICE
410 17th Street, Suite 1320
Denver, CO 80202
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Bakersfield, CA 93309
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Bakersfield, CA 93390
Office: (661) 638-2730

www.bonanzacrk.com

October 11, 2010
Invoice

Ms. Denise Carlson
30899 County Road 50
Kersey, Colorado 80644

RE: Billing for Spreading Drilling Mud
Weld County, Colorado, Land File COMCL1086

Dear Ms. Carlson:

Please sign in the space provided below so that we may initiate payment totaling [REDACTED].

Spreading of Drilling Mud from the following wells for [REDACTED] each:

Antelope 13-19	Antelope 34-18
Antelope 43-19	Antelope 42-19
Antelope 14-19	Antelope 21-18
Antelope 18A	Antelope 18C
Antelope 19C	Antelope 22-19
Antelope 12-19	Antelope 21-19
70 Ranch 23-27	

Sincerely,



Kerry A. McCowen
Vice President Rocky Mountain Operations

Denise Carlson

By: Denise Carlson
Signature

10/13/10
Date

BONANZA CREEK ENERGY OPERATING COMPANY, LLC

CORPORATE OFFICE
4900 California Avenue-Suite 350B
Bakersfield, CA 93309
P.O. Box 21974
Bakersfield, CA 93390
Office: 661/638-2730
Fax: 661/638-2733



ROCKY MOUNTAIN OFFICE
410 17th Street, Suite 1380
Denver, CO 80202
Office: 720-279-2330
Fax: 720-279-2331

July 15, 2008

Ms. Denise Carlson
30899 County Road 50
Kersey, Colorado 80644

RE: Approval to Spread Drilling Mud
NW/4 SE/4 Section 31, Township 5 North, Range 63 West
Weld County, Colorado, Land File COMCL1086

Dear Ms. Carlson:

The following is a letter for approval to spread drilling mud on your land located at NW/4 SE/4 Section 31, Township 5 North, Range 63 West. Drilling Mud from wells (possibly 14 wells) will be spread on your land at the above location and Bonanza will pay [REDACTED] per well for the right to spread the mud. When drilling is completed, Bonanza will disk the ground to incorporate the mud into the soil.

Please sign in the space provided below, retain one copy of this letter for your records, and return one to the undersigned for the completion of our records.

Sincerely,

Kerry A. McCowen
Vice President Rocky Mountain Operations

I hereby approve Bonanza Creek to spread the drilling mud from 14 offsite wells on my land located at NW/4 SE/4 Section 31, Township 5 North, Range 63 West.

Denise Carlson

By: Denise L Carlson
Signature

7/22/08
Date

Enclosures
cc: Kurt Dodge

BONANZA CREEK ENERGY OPERATING COMPANY, LLC

CORPORATE OFFICE
4900 California Avenue-Suite 350B
Bakersfield, CA 93309
P.O. Box 21974
Bakersfield, CA 93390
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Fax: 661/638-2733



ROCKY MOUNTAIN OFFICE
410 17th Street, Suite 1380
Denver, CO 80202
Office: 720-279-2330
Fax: 720-279-2331

February 2, 2010

Ms. Denise Carlson
30899 County Road 50
Kersey, Colorado 80644

RE: Approval to Spread Drilling Mud
NW/4 SE/4 Section 31, Township 5 North, Range 63 West
Weld County, Colorado, Land File COMCL1086

Dear Ms. Carlson:

The following is a letter for approval to spread drilling mud on your land located at NW/4 SE/4 Section 31, Township 5 North, Range 63 West. Drilling Mud from wells (possibly 9 wells) will be spread on your land at the above location and Bonanza will pay [REDACTED] per well for the right to spread the mud. When drilling is completed, Bonanza will disk the ground to incorporate the mud into the soil.

Please sign in the space provided below, retain one copy of this letter for your records, and return one to the undersigned for the completion of our records.

Sincerely,

Kerry A. McCowen
Vice President Rocky Mountain Operations

I hereby approve Bonanza Creek to spread the drilling mud from 9 offsite wells on my land located at NW/4 SE/4 Section 31, Township 5 North, Range 63 West.

Denise Carlson

By: Denise L. Carls
Signature

2/12/10
Date

Enclosures

cc: Kurt Dodge



Analytica Chain of Custody Form

6438 Shaune Drive Juneau, AK 99801 (907) 780-6668 (907) 780-6670 fax
 5781 Silverado Way, # N Anchorage, AK 99518 (907) 258-2155 (907) 258-8834 fax
 3330 Industrial Ave. Fairbanks, AK 99701 (907) 456-3116 (907) 456-3125 fax
 12189 Pennsylvania St. Thornton, CO 80241 (303) 469-8868 (303) 469-5254 fax

Chain of Custody No: **76689**

Client Name & Address: BONANZA CREEK ENERGY 410 17TH STREET, SUITE 1380 DENVER, CO 80202		Public Water System (PWS) ID#:		Section to be Completed by Analytica			
Report to: Tom PETERSON		Project Name: GUNTHER 15-31		Quote ID:		LGN:	
Phone No: 720-982-8574		Turnaround Time for Results (TAT) <input type="checkbox"/> Standard <input type="checkbox"/> Expedited (< 10 days, prior authorization required) <small>(please specify due date below; add'l charges may apply)</small>		Account #:		Cash <input type="checkbox"/> Credit Card <input type="checkbox"/>	
Fax No: 720-279-2331				Invoice to Name & Address:			
E-mail: TPETERSON@BONANZACREEK.COM		Requested Due Date for Results:		P.O. or Contract No:			

Special Instructions/Comments:
 METALS = AS (METHOD 6020 LOW LEVEL), Ba, Bo, Cd, Cu, Pb, Ni, Se, Ag, Zn,
 Cr III, Cr VI, & Hg

Client Sample Identification / Location	Date Sampled	Time Sampled	Matrix (S-DW-WW-Other)	No. of Containers	Requested Analysis/Method															
					BALO-BTEX	GRO	DRO, 870-PH	CONDUCTIVITY	SAR, PH	METALS*		Field Preserved	Field Filtered	MS/MSD ?						
GUNTHER 15-31	10/12/10	10:15		4																

Relinquished by: Tom Peterson		Date: 10/12/10	Time: 16:20	Received by: M. Cabre		Date: 10-12-10	Time: 16:20	Section to be Completed by Analytica				
Relinquished by:		Date:	Time:	Received by:		Date:	Time:	Condition of Custody Seal?:	THO	ANC	JNU	FBKS
Relinquished by:		Date:	Time:	Received by:		Date:	Time:	Initialed By:	Temp/Loc: 20°C			
Relinquished by:		Date:	Time:	Received by:		Date:	Time:	Thermo ID#:				
Name of Sampler: (printed)		Tom PETERSON										
								Shipped Via: client				

	Well Name	QtQt	Sec	Twn	Range	Closed	Date	Integrity Loads	Integrity BBLs est	Devoe Yards
	Dow 13-28	NWSW	28	5N	63W	Y	Feb-10	37	6000	240
	Dow 24-28	SESW	28	5N	63W	Y	Mar-10	29	6000	240
	North Platte 24A	CNW	24	5N	63W	Y	Aug-10	33	6000	240
	Antelope 12-18	SWNW	18	5N	62W	Y	Jul-10	29	6000	240
	Antelope 22-18	SESW	18	5N	62W	Y	Aug-10	33	6000	240
	Antelope 11-18	NWNW	18	5N	62W	Y	Jul-10	26	6000	240
	North Platte 13A	CNW	13	5N	63W	Y	Aug-10	26	6000	240
	North Platte 24C	CSW	24	5N	63W	Y	Aug-10	31	6000	240
	North Platte 31-34	NWNE	34	5N	63W	Y	Jul-10	35	6000	240
	North Platte 41-34	NENE	34	5N	63W	Y	Jul-10	32	6000	240
	Croissant 24-3	SESW	3	4N	63W	Y	Jul-10	32	6000	240
	Antelope 34-18	NWSE	18	5N	62W	Y	Aug-10	35	6000	240
	Antelope 12-19	SWNW	19	5N	62W	Y	Sep-10	27	6000	240
	Antelope 22-19	SESW	19	5N	62W	Y	Sep-10	27	6000	240
	Antelope 13-19	NWSW	19	5N	62W	Y	Sep-10	29	6000	240
	Antelope 14-19	SWSW	19	5N	62W	Y	Sep-10	25	6000	240
	Antelope 19C	CSW	19	5N	62W	Y	Sep-10	26	6000	240
	70 Ranch 23-27	NESW	27	5N	63W	In Process				
	Antelope 18C	CSW	18	5N	62W	In Process				
	Antelope 13-18	NWSW	18	5N	62W	W/18C				
	Antelope 14-18	SWSW	18	5N	62W	W/18C				
	Antelope 23-18	NESW	18	5N	62W	W/18C				
	Antelope 24-18	SESW	18	5N	62W	W/18C				
	Antelope 21-18	NENW	18	5N	62W	N				
	Antelope 18A	CNW	18	5N	62W	N				
	Antelope 21-19	NENW	19	5N	62W	N				
	Antelope 42-19	SENE	19	5N	62W	N				
	Antelope 43-19	NESE	19	5N	62W	N				
	Antelope 43-18	NESE	18	5N	62W	W/18I				
	Antelope 44-18	SESE	18	5N	62W	W/18I				
	Antelope 18I	CSE	18	5N	62W	N				