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26 January 2012

Colorado Oil and Gas Conservation Commission
The Chancery Building
1120 Lincoln Street, Suite 801
Denver, CO 80203

Attn: Mr. David Neslin, Director

RE: Request to the Director for 318A.m Variance
Niobrara Horizontal Well New Drills

Pronghorn 41-11-9HZ: NENE Sec 09-T5N-R61W, 6th PM, Weld County, Colorado

Mr. Neslin:

Bonanza Creek Energy, Inc. ("Bonanza") intends to drill the above referenced horizontal oil and gas well(s) to the Niobrara Formation from well pads to be located as described above. The proposed wellpath will pass within 150 feet of two wells owned and operated by Bonanza:

Pronghorn 41-9: API 05-123-23911, NENE Sec 09-T5N-R61W
Pronghorn 31-9: API 05-123-23894, NWNE Sec 09-T5N-R61W

Due to the proximity of the horizontal well path to the above referenced wells, the following Anti-Collision Mitigation BMP will be implemented. Prior to drilling operations, Bonanza will perform an anti-collision scan of existing offset wells that have the potential of being within close proximity of the proposed well. This anti-collision scan will include definitive MWD or gyro surveys of the offset wells with included error of uncertainty per survey instrument, and compared against the proposed wellpath with its respective error of uncertainty. If current surveys do not exist for the offset wells, Bonanza may have gyro or MWD surveys conducted to verify bottomhole location. The proposed well will only be drilled if the anti-collision scan results indicate that there is not a risk for collision, or harm to people or the environment. For the proposed well, upon conclusion of drilling operations, an as-constructed MWD or gyro survey will be submitted to COGCC with the Form 5.

Per Rule 318A.m, Bonanza attests it is the owner and operator of the encroached upon wells, therefore no waivers are required.

Thank you for your attention to this matter. Bonanza respectfully requests that the COGCC review the enclosed information and approve the associated Application for Permit to Drill the captioned well.

Sincerely,

BONANZA CREEK ENERGY, INC.

A handwritten signature in blue ink that reads "Keith S. Caplan".

Keith S. Caplan
Senior Operations Technician