



410 17th Street, Suite 1500
Denver, CO 80202
(720) 440-6100 phone
(720) 279-2331 fax

BonanzaCreek.com

29 October, 2012

L&S Capital Management
800 US HWY 36
Byers, CO 80103
Attn: Frank Linnebur

VIA CERTIFIED MAIL
RETURN RECEIPT
Hand Delivered

RE: Advance Notice of Commencement of Drilling Operations
CS/2SE/4 Sec. 7, T5N, R61W, 6th PM, Weld County, Colorado
Pronghorn T-7 Pad, Pronghorn 44-41-7HNB

Dear Frank Linnebur,

Bonanza Creek Energy Operating, LLC ("Bonanza") intends to drill the above mentioned oil and gas well(s) to be located as described above, on your property, which is subject to oil and gas leases owned by Bonanza. The purpose of this letter is to provide you with notice of our intent to stake the proposed oil and gas well location(s) and diagram of the intended location, schedule a meeting to discuss the locations of the well(s), and provide you with advance notice of our intent to conduct drilling operations. Please indicate on the attached form (Item 1) a time that you can be reached to arrange access for staking.

At this time, Bonanza would like to schedule a meeting in order to discuss the locations of the proposed wells, production facilities, roads and flow lines. This meeting can occur either by phone or in person and will satisfy COGCC Rule 306.a., consultation with surface owner. Please indicate on the attached form (Item 2a) a time that you can be reached to arrange this meeting. The attached form (Item 2b) also provides the opportunity to waive the 306.a consultation. In order to coordinate our operations and give you, the landowner, an opportunity to provide input, it is necessary to receive your response in a timely fashion. Operations are estimated to commence **on or after December 14, 2012.**

Once the above referenced permit(s) have passed COGCC completeness review, we will provide the permit application, as filed, and associated map(s) and/or plat(s) depicting planned locations of roads, facilities and wells.

CORPORATE OFFICE
410 17th Street, Suite 1500
Denver, CO 80202
Office: (720) 440-6100

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

WESTERN REGION OFFICE
5601 Tuxton Avenue, Suite 210
Bakersfield, CA 93309
Office: (661) 638-2730

LANDOWNER RESPONSIBILITY

COGCC's Rule 305.e(3) states "it shall be the responsibility of the notified surface owner to give notice of the proposed operation to the tenant farmer, lessee or other party that may own or have an interest in any crops or surface improvements that could be affected by such proposed operation." **Please note that if you have any tenants, it will be your responsibility to notify such tenants of the drilling.**

ADVANCE NOTICE: Rule 305.e.(1)B

Notification is herein provided that commencement of operations will take place no sooner than 30 days from the date of this letter. A posted written notice will be made on or near the property, as well. For your reference, a sitemap is included which depicts the approximate location of proposed oil and gas well(s) and related facilities prior to permitting. As surface owner, you may waive this thirty (30) day notice. A form is enclosed which provides you the opportunity to waive the thirty (30) day written notice requirement, in which case operations may commence as soon as the permit is issued (Item 3). **Please return this completed form as soon as possible.**

We are looking forward to a mutually beneficial working relationship with you.

Sincerely,
BONANZA CREEK ENERGY OPERATING COMPANY, LLC.
BONANZA CREEK ENERGY, INC.



Michael Meagher
Associate Landman
Direct: (720) 440-6180
mmeagher@bonanzacrk.com

Enclosures
cc: Keith Caplan
Steve Wolfe



SURFACE OWNER'S RESPONSE LETTER
Notice and Consultation

CS/2SE/4 Sec.7, T5N, R61W, 6th PM, Weld County, Colorado
Pronghorn T-7 Pad, Pronghorn 44-41-7HNB

Having reviewed Bonanza Creek Energy Operating Company, LLC's **Advance Notice of Commencement of Drilling Operations** dated **10/29/2012**, the undersigned Surface Owner, hereby makes the following responses to the issues of **Notice** and **Consultation**; to wit –

1. Contact _____ (Name/Phone) at _____ (Time/Date).
2. The undersigned Surface Owner, or its Designated Representative desires:

- a. To be consulted (Rule 306.a.) with in regard to "petroleum production" operations for the above referenced wells.

YES: _____ NO: _____

Contact _____ (Name/Phone) at _____ (Time/Date), in order to schedule a consult or phone call in order to discuss the planned location(s).

OR

- b. Agrees to WAIVE the Rule 306.a. Consultation with Surface Owner required by the Colorado Oil and Gas Conservation Commission ("COGCC").

YES: _____ NO: _____

3. The undersigned Surface Owner, or their Designated Representative, agrees to WAIVE the thirty (30) day written notice requirement of commencement of operations with heavy equipment and machinery.

YES: _____ NO: _____

Signed and Dated this _____ day of _____, 2012.

SURFACE OWNER or DESIGNATED REPRESENTATIVE:

By _____ By _____

Title: _____ Title: _____

Designated Representative (if any)

Designated Representative (Agent): _____

Address: _____

Telephone: Home _____ Work _____