ONEONONE

An Investor's Look Into the Corner Office

FALL 2012

HARTENERGY

A SPECIAL REPORT FROM THE PUBLISHER OF

Oil and Gas Investor

MIDSTREAM Business

BONANZA CREEK ENERGY INC.

NYSE: BCEI | BONANZACRK.COM

MICHAEL R. STARZER has more than 28 years of experience in the oil and gas industry, having served in various technical and management positions with Unocal and Berry Petroleum. He was a co-founder of the first Bonanza Creek company in 1999 and has served as the company's president and CEO since that time. Bonanza Creek is an independent with assets and operations concentrated in the Rocky Mountains in Wattenberg Field, focused on the Niobrara shale, and in southern Arkansas.

Describe the strategy that drives the company, and how you will implement it this year.

The three priorities for BCEI this year are: 1) efficient project execution, 2) effective communication to the market and, 3) continued financial discipline. Our strategy is primarily driven by the development of the Niobrara shale in the Wattenberg Field, Colorado. We, along with neighbors like Noble, Anadarko and PDC Energy, have experienced terrific results from the Niobrara shale.

Combined with our operations in southern Arkansas, we forecast production to range from 8,700 to 10,000 BOE per day in 2012, an approximate 100% increase over 2011. We also enjoy one of the strongest balance sheets of our small-cap E&P peers and intend to use it aggressively, but prudently, to grow the company. In the short time we have been a public company, BCEI has developed a following of faithful investors who recognize our growth and upside value creation ability. We look forward to continuing to communicate BCEI's excellent results.

How have high oil prices and low gas prices affected your business?

We are fortunate to be oil-weighted. In fact, in first-quarter 2012, some 76% of our production and 93% of our revenues came from oil and liquids. With a realized price of $76.68 per BOE, before the effects of hedging, we have an EBITDA margin of approximately $50 per BOE. Especially important in this period of volatility, our projects possess attractive economics down to $60 per barrel.

With the decline in gas prices positioning the industry's focus more toward oily developments, similar to our Niobrara and Cotton Valley properties, we have not seen development costs increase. Drilling rigs and services that were previously focused on developing gas have become available for the more oil-weighted developments.

Will you be expanding into any new basins or plays? Why or why not?

We pride ourselves on buying right. When you see BCEI announce an acquisition, the word that we want to come to mind is "predictable." Since 2006, we have made 15 transactions to put together our core positions. Aided by a strong balance sheet we are able to act quickly to take advantage of opportunities in the market.

Our bias is to stay close to where we currently operate, but we look at deals every day all over the country that we may bring our core competencies of fracture stimulation and horizontal drilling to development. We will stay oil focused and onshore, and we will make acquisitions that are consistent with our ability to create value for our shareholders.

Which projects will yield the best return for the company this year?

Simply put, our development drilling in 2012 will generate a 100% rate of return at $100 per barrel. All our projects are attractive and equally resilient to lower oil and gas prices. We have tremendous assets that include the Wattenberg Niobrara oil shale fueling much of our proved reserve growth, and the oily Cotton Valley formation in southern Arkansas generating large amounts of cash.

Last year we invested in both regions and grew proved reserves by 33%; over 135% year-over-year proved reserve growth in Wattenberg alone. Southern Arkansas is our cash machine, expected to yield approximately $100 million in cash flow this year to fuel our dramatic growth in Wattenberg. Both assets are approximately 70% oil and liquids, have ready access to services and infrastructure, and receive good price realizations.

What is your projected budget and how many wells is that, and how does it compare to 2011?

This year we plan to spend approximately $230 million to drill 160 wells, including 24 horizontal Niobrara wells. In addition, we plan to spend $20 million to install our third gas-processing facility in the Midcontinent region. This compares to $143 million invested in 2011 to drill 114 wells, and $22 million to install our second gas-processing facility.

WE TRULY BELIEVE THAT THE NIOBRARA, PARTICULARLY WHERE WE ARE IN THE WATTENBERG FIELD, IS A WORLD-CLASS ASSET THAT WILL FUEL DOUBLE-DIGIT GROWTH FOR YEARS TO COME.

Are you constrained by midstream capacity at all?

We do not see any midstream constraints in either the Rocky Mountains or the Midcontinent. People note that Noble Energy plans to invest $8 billion in the Niobrara over the next five years and Anadarko Petroleum will spend $1 billion per year in the area, and they understandably fear capacity takeaway issues. However, our analysis shows that 450 MMcf per day of additional capacity will come online over the next three years, building on top of present capacity. The Wattenberg is a mature field with infrastructure that has been built over the past 40 years. We believe it is positioned well to handle such a ramp-up in production.

Do you foresee any acquisitions this year?

As I mentioned earlier, we are always looking for good deals. While we have a tremendous portfolio of organic projects, a critical part of our growth strategy has been and will remain acquisitions. We won't be shy about using our underleveraged balance sheet to take advantage of attractive opportunities.

How much are you hedged?

We have hedged approximately 60% of current oil production at an average of $90 to $106 per barrel WTI Nymex. As our production rapidly increases, we expect to place more under hedge if priced attractively. We view hedging as the company's insurance policy to protect our capital budget, maintaining strong financial discipline with top-quartile growth.

What is the greatest challenge you face this year?

As a new public company our most important obligation to shareholders is to hit our targets. We want to be known as a company that does what it says it will do. To that end, we forecasted relatively aggressive production growth this year, and so far we have exceeded those projections. It is critical that we execute on our strategic plan, in order to build confidence that this management team will maximize shareholder value.

What is the one thing you want investors to know?

We are serious about maximizing value and growing Bonanza Creek. Our investors are sophisticated, believe in management and in our growth and value creation potential. We have terrific employees and assets, like the Niobrara, that enable us to grow aggressively. We truly believe that the Niobrara, particularly where we are in the Wattenberg Field, is a world-class asset that will fuel double-digit growth for years to come. In addition to the Wattenberg and Cotton Valley developments, we hold a large position prospective for the Niobrara oil shale in the North Park Basin of Colorado, and in Arkansas, our acreage is prospective for the burgeoning Brown Dense play. Together, these and other opportunities represent 250 million BOE of recoverable oil-weighted resource potential in the company.

Any final comments or thoughts?

Bonanza Creek is a team of consummate professionals particularly skilled in creating value. Our board, management and operations teams are the best I have worked with and deserve tremendous credit for their efforts in increasing production and growing reserves. Combined, management and employees own over 7% of BCEI and are closely aligned with our public shareholders. Our board and employees take much pride in what they do and I appreciate their efforts.