

Bonanza Creek Energy, Inc.  
Form 10-Q  
May 09, 2014

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

**x** QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the quarterly period ended March 31, 2014

or

**o** TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the transition period from            to

Commission File Number: 001-35371

**Bonanza Creek Energy, Inc.**

(Exact name of registrant as specified in its charter)

Edgar Filing: Bonanza Creek Energy, Inc. - Form 10-Q

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**61-1630631**

(I.R.S. Employer  
Identification No.)

**410 17th Street, Suite 1400**

**Denver, Colorado**

(Address of principal executive offices)

**80202**

(Zip Code)

**(720) 440-6100**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x Yes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). x Yes o No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x

Accelerated filer o

Non-accelerated filer o

Smaller reporting company o

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). o Yes x No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. 40,389,592 shares of common stock were outstanding as of May 5, 2014.

**PART I - FINANCIAL INFORMATION****Item 1. Financial Statements.****BONANZA CREEK ENERGY, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

	March 31, 2014	December 31, 2013
	(in thousands, except share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 131,343	\$ 180,582
Accounts receivable:		
Oil and gas sales	66,835	57,485
Joint interest and other	16,287	12,915
Prepaid expenses and other	4,274	1,638
Inventory of oilfield equipment	8,597	10,696
Derivative asset	145	858
Total current assets	227,481	264,174
Property and equipment (successful efforts method), at cost:		
Proved properties	1,395,629	1,257,288
Less: accumulated depreciation, depletion and amortization	(264,466)	(224,848)
Total proved properties, net	1,131,163	1,032,440
Unproved properties	14,653	45,081
Wells in progress	155,642	110,848
Natural gas plant, net of accumulated depreciation of \$6,541 in 2014 and \$5,903 in 2013	70,176	71,474
Other property and equipment, net of accumulated depreciation of \$3,500 in 2014 and \$2,822 in 2013	7,566	7,406
Oil and gas properties held for sale, net of accumulated depreciation, depletion, and amortization of \$ - in 2014 and \$1,463 in 2013 (note 4)		360
Total property and equipment, net	1,379,200	1,267,609
Long-term derivative asset		293
Other noncurrent assets	13,463	13,859
Total assets	\$ 1,620,144	\$ 1,545,935
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses (note 5)	\$ 168,161	\$ 121,665
Oil and gas revenue distribution payable	29,230	36,241
Contractual obligation for land acquisition	12,000	12,000
Derivative liability	11,071	5,320
Total current liabilities	220,462	175,226
Long-term liabilities:		
Senior Notes, net of unamortized premium of \$8,540 in 2014 and \$8,847 in 2013	508,540	508,847
Contractual obligation for land acquisition	22,223	22,033
Ad valorem taxes	24,002	18,867
Derivative liability	997	1,203
Deferred income taxes, net	161,152	152,681
Asset retirement obligations	10,873	11,050
Total liabilities	948,249	889,907

# Edgar Filing: Bonanza Creek Energy, Inc. - Form 10-Q

## Commitments and contingencies (Note 7)

### Stockholders' equity:

Preferred stock, \$.001 par value, 25,000,000 shares authorized, none outstanding

Common stock, \$.001 par value, 225,000,000 shares authorized, 40,395,690 and

40,285,919 issued and outstanding in 2014 and 2013, respectively

	40	40
Additional paid-in capital	530,088	527,752

Retained earnings	141,767	128,236
-------------------	---------	---------

Total stockholders' equity	671,895	656,028
----------------------------	---------	---------

Total liabilities and stockholders' equity	\$ 1,620,144	\$ 1,545,935
--	--------------	--------------

The accompanying notes are an integral part of these consolidated financial statements.

**BONANZA CREEK ENERGY, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**

	<b>Three Months Ended March 31,</b>	
	<b>2014</b>	<b>2013</b>
	<b>(in thousands, except per share amounts)</b>	
Operating net revenues:		
Oil and gas sales	\$ 127,395	\$ 78,307
Operating expenses:		
Lease operating expenses	17,082	11,131
Severance and ad valorem taxes	10,749	4,812
Exploration	1,083	562
Depreciation, depletion and amortization	41,132	23,363
General and administrative (including \$6,797 and \$4,378 in 2014 and 2013, respectively, of stock compensation)	23,714	13,166
Total operating expenses	93,760	53,034
Income from operations	33,635	25,273
Other income (expense):		
Derivative loss	(8,778)	(5,116)
Interest expense	(9,335)	(1,963)
Other income	51	137
Total other expense	(18,062)	(6,942)
Income from continuing operations before taxes	15,573	18,331
Income tax expense	(5,996)	(7,058)
Income from continuing operations	\$ 9,577	\$ 11,273
Discontinued operations (Note 4)		
Loss from operations associated with oil and gas properties held for sale	(85)	(27)
Gain on sale of oil and gas properties	6,514	
Income tax (expense) benefit	(2,475)	10
Gain (loss) from discontinued operations	3,954	(17)
Net income	\$ 13,531	\$ 11,256
Comprehensive income	\$ 13,531	\$ 11,256
Basic and diluted income per share:		
Income from continuing operations	\$ 0.24	\$ 0.28
Income (loss) from discontinued operations	\$ 0.10	\$
Net income per common share	\$ 0.34	\$ 0.28
Basic weighted-average common shares outstanding	39,605,083	39,253,743
Diluted weighted-average common shares outstanding	39,761,738	39,285,215

The accompanying notes are an integral part of these consolidated financial statements.

**BONANZA CREEK ENERGY, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2014</b>	<b>2013</b>
	<b>(in thousands)</b>	
Cash flows from operating activities:		
Net income	\$ 13,531	\$ 11,256
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	41,199	23,467
Deferred income taxes	8,471	7,048
Stock-based compensation	6,797	4,378
Amortization of deferred financing costs	562	219
Amortization of premium on senior notes	(307)	
Accretion of contractual obligation for land acquisition	190	190
Derivative loss	8,778	5,116
Gain on sale of oil and gas properties	(6,514)	
Other	(2)	73
Changes in current assets and liabilities:		
Accounts receivable	(12,721)	(6,912)
Prepaid expenses and other assets	(2,637)	81
Accounts payable and accrued liabilities	20,337	(5,068)
Settlement of asset retirement obligations		(49)
Net cash provided by operating activities	77,684	39,799
Cash flows from investing activities:		
Acquisition of oil and gas properties	(1,202)	(934)
Proceeds from Sale of Oil and Gas Properties	6,000	
Exploration and development of oil and gas properties	(123,835)	(64,334)
Natural gas plant capital expenditures	(194)	(3,275)
Derivative cash settlements	(2,227)	(1,507)
Additions to property and equipment - non oil and gas	(838)	(1,386)
Net cash used in investing activities	(122,296)	(71,436)
Cash flows from financing activities:		
Proceeds from credit facility		33,500
Offering costs related to sale of senior subordinated notes	(140)	
Payment of employee tax withholdings in exchange for the return of common stock	(4,461)	(2,908)
Deferred financing costs	(26)	(52)
Net cash (used in) provided by financing activities	(4,627)	30,540
Net change in cash and cash equivalents	(49,239)	(1,097)
Cash and cash equivalents:		
Beginning of period	180,582	4,267
End of period	\$ 131,343	\$ 3,170
Supplemental cash flow disclosure:		
Cash paid for interest	\$ 464	\$ 1,469
Changes in working capital related to drilling expenditures, natural gas plant expenditures, and property acquisition	\$ 23,238	\$ (5,460)

The accompanying notes are an integral part of these consolidated financial statements.



**BONANZA CREEK ENERGY, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**NOTE 1 - ORGANIZATION AND BUSINESS**

Bonanza Creek Energy, Inc. (the "Company" or "BCEI") is engaged in the acquisition, exploration, development and production of onshore oil and associated liquids-rich natural gas in the United States. Our oil and liquids weighted assets are concentrated primarily in the Wattenberg Field in Colorado (Rocky Mountain region) and the Dorcheat Macedonia Field in southern Arkansas (Mid-Continent region).

**NOTE 2 - BASIS OF PRESENTATION**

These statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information. The quarterly financial statements included herein do not necessarily include all of the disclosures as may be required under generally accepted accounting principles for complete financial statements. There has been no material change in the information disclosed in the notes to the consolidated financial statements included in BCEI's Annual Report on Form 10-K for the year ended December 31, 2013 ("2013 Form 10-K"), except as disclosed herein. These consolidated financial statements include all of the adjustments, which, in the opinion of management, are necessary for a fair presentation of the financial position and results of operations. All such adjustments are of a normal recurring nature only. The results of operations for the quarterly periods are not necessarily indicative of the results to be expected for the full fiscal year. The Company evaluated events subsequent to the balance sheet date of March 31, 2014, through the filing date of this report. Certain prior period amounts are reclassified to conform to the current period presentation, when necessary.

*Principles of Consolidation*

The consolidated balance sheets include the accounts of the Company and its wholly owned subsidiaries, Bonanza Creek Energy Operating Company, LLC, Bonanza Creek Energy Resources, LLC, Holmes Eastern Company, LLC, Bonanza Creek Energy Upstream LLC, and Bonanza Creek Energy Midstream, LLC. All significant intercompany accounts and transactions have been eliminated.

*Significant Accounting Policies*

The significant accounting policies followed by the Company were set forth in Note 1 to the 2013 Form 10-K and are supplemented by the notes throughout in this report. These unaudited condensed consolidated financial statements should be read in conjunction with the 2013 Form 10-K.

**NOTE 3 - ACQUISITIONS**



## Edgar Filing: Bonanza Creek Energy, Inc. - Form 10-Q

The Company did not complete any material acquisitions during the three months ended March 31, 2014.

On July 31, 2012, the Company acquired leases to approximately 5,600 net acres in the Wattenberg Field from the State of Colorado, State Board of Land Commissioners. The Company paid approximately \$12 million at closing, \$12 million on July 31, 2013, and will pay approximately \$12 million on July 31st of each of the next three years. These future payments were discounted based on our effective borrowing rate to arrive at the purchase price of \$57 million. These future payments are secured by a \$36 million letter of credit as of March 31, 2014 and interest will be imputed on the future payments. Following each payment the amount secured by the letter of credit will be amended each year on July 31st to reflect the reduction in obligation.

### **NOTE 4 - DISCONTINUED OPERATIONS**

During June of 2012, the Company began marketing, with an intent to sell, all of its oil and gas properties in California classifying them as assets held for sale. Assets are classified as held for sale when the Company commits to a plan to sell the assets and there is reasonable certainty that the sale will take place within one year. The Company determined that its intent to sell all of its assets in a region qualified as discontinued operations. The Company sold its remaining property during the first quarter of 2014 for approximately \$6.0 million and recorded a gain on the sale of oil and gas properties in the amount of \$6.5 million. The carrying amounts of the remaining properties included within assets held for sale classified as discontinued operations are presented below.

Edgar Filing: Bonanza Creek Energy, Inc. - Form 10-Q

	As of March 31, 2014	As of December 31, 2013
	(in thousands)	
Assets held for sale:		
Oil and gas properties, successful efforts method:		
Proved properties	\$	\$ 1,721
Unproved properties		1
Wells in progress		101
Total property and equipment		1,823
Less accumulated depreciation, depletion and amortization		(1,463)
Net property and equipment	\$	\$ 360

The total revenues, expenses, and income associated with the operation of the oil and gas properties held for sale are presented below.

	Three Months Ended March 31,	
	2014	2013
	(in thousands)	
Net revenues:		
Oil and gas sales	\$ 361	\$ 438
Operating expenses:		
Lease operating expense	366	304
Severance and ad valorem taxes	13	
Exploration		57
Depreciation, depletion and amortization	67	104
Total operating expenses	446	465
Loss from operations associated with oil and gas properties held for sale	\$ (85)	\$ (27)

**NOTE 5 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenses contain the following:

	As of March 31, 2014	As of December 31, 2013
	(in thousands)	
Drilling and completion costs	\$ 104,210	\$ 80,971
Accounts payable trade	17,207	3,288
Accrued general and administrative cost	11,648	12,720
Lease operating expense	4,574	5,440
Accrued reclamation cost	166	168
Accrued interest	15,491	7,065
Accrued oil and gas derivatives	955	446
Production and ad valorem taxes and other	13,910	11,567
	\$ 168,161	\$ 121,665

**NOTE 6 REVOLVING CREDIT FACILITY**

The Company's senior secured revolving Credit Agreement (the "Revolver" or "credit facility"), dated March 29, 2011, as amended, provides for borrowings of up to \$600 million. As of March 31, 2014, and through the filing date of this report, the borrowing base under the Revolver was \$450 million. The Company elected to limit bank commitments to \$330 million while reserving the option to access, at the Company's request, the full \$450 million prior to the next semi-annual redetermination on May 15, 2014. The Revolver is collateralized by substantially all the Company's assets and matures on September 15, 2018. As of March 31, 2014, and through the filing date of this report, the Company had no outstanding balance under the Revolver with an available borrowing capacity of \$414 million after the reduction of the outstanding letter of credit of \$36 million.

The Revolver restricts, among other items, the payment of dividends, certain additional indebtedness, sale of assets, loans and certain investments and mergers. The Revolver also contains certain financial covenants, which require the maintenance of minimum current and debt coverage ratios. The Company was in compliance with all financial and non-financial covenants as of March 31, 2014 and through the filing date of this report.

#### **NOTE 7 - COMMITMENTS AND CONTINGENT LIABILITIES**

From time to time, the Company is involved in various commercial and regulatory claims, litigation and other legal proceedings that arise in the ordinary course of its business. The Company assesses these claims in an effort to determine the degree of probability and range of possible loss for potential accrual in its consolidated financial statements. In accordance with accounting authoritative guidance, an accrual is recorded for a loss contingency when its occurrence is probable and damages can be reasonably estimated based on the anticipated most likely outcome or the minimum amount within a range of possible outcomes. Because legal proceedings are inherently unpredictable and unfavorable resolutions could occur, assessing contingencies is highly subjective and requires judgments about uncertain future events. When evaluating contingencies, the Company may be unable to provide a meaningful estimate due to a number of factors, including the procedural status of the matter in question, the presence of complex or novel legal theories, and/or the ongoing discovery and development of information important to the matters. The Company regularly reviews contingencies to determine the adequacy of its accruals and related disclosures. No claims have been made, nor is the Company aware of any material uninsured liability which the Company may have, as it relates to any environmental cleanup, restoration or the violation of any rules or regulations. As of the date of this filing, there were no material pending or overtly threatened legal actions against the Company of which it is aware.

##### *Commitments*

There have been no material changes from the commitments disclosed in the notes to the Company's consolidated financial statements included in the 2013 Form 10-K.

#### **NOTE 8 STOCK-BASED COMPENSATION**

##### *Restricted Stock under the Long Term Incentive Plan*

The Company grants shares of restricted stock, which represents one share of the Company's common stock vesting in one-third increments over three years. Shares of restricted stock are valued at the closing price of the Company's common stock on the grant date and are recognized as general and administrative expense over the vesting period of the award.

Total expense recorded for restricted stock for the three month periods ended March 31, 2014 and 2013, was \$6.6 million and \$4.4 million, respectively. As of March 31, 2014, unrecognized compensation cost was \$21.7 million and will be amortized through 2017.

##### *Performance Stock Units under the Long Term Incentive Plan*

The Company grants performance stock units ( PSUs ) to certain officers of the Company. The number of shares of the Company's common stock that may be issued to settle PSUs range from zero to two times the number of PSUs awarded and is determined based on the Company's performance over a three-year measurement period. The PSUs granted during 2013 vest in their entirety at the end of the measurement period. The PSUs granted during 2014 vest at the end of each annual measurement period during the performance cycle up to two-thirds of the target number of PSUs that are eligible for vesting (such that an amount equal to 200% of the target number may be earned during the performance cycle of three years). The PSUs will be settled in shares following the end of the three year performance cycle.

Total expense recorded for PSUs for the three month period ended March 31, 2014 was \$0.2 million. As of March 31, 2014, there was \$3.4 million of total unrecognized compensation expense related to unvested PSUs to be amortized through 2015. There have been no material changes to the outstanding and non-vested PSUs during the quarter ended March 31, 2014.

#### **NOTE 9 - FAIR VALUE MEASUREMENTS**

The Company follows fair value measurement authoritative guidance for all assets and liabilities measured at fair value, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The hierarchy is broken down into three levels based on the reliability of the inputs as follows:

Level 1: Quoted prices are available in active markets for identical assets or liabilities

## Edgar Filing: Bonanza Creek Energy, Inc. - Form 10-Q

**Level 2:** Quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations whose inputs are observable or whose significant value drivers are observable

**Level 3:** Significant inputs to the valuation model are unobservable

Financial assets and liabilities are to be classified based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels.

The following tables present the Company's financial assets and liabilities that were accounted for at fair value on a recurring basis as of March 31, 2014 and December 31, 2013 and their classification within the fair value hierarchy:

	<b>Level 1</b>	<b>As of March 31, 2014 Level 2 (in thousands)</b>	<b>Level 3</b>
Derivative assets	\$	\$	\$ 145
Derivative liabilities	\$	\$ 3,906	\$ 8,162

	<b>Level 1</b>	<b>As of December 31, 2013 Level 2 (in thousands)</b>	<b>Level 3</b>
Derivative assets	\$	\$ 736	\$ 415
Derivative liabilities	\$	\$ 1,741	\$ 4,782

### *Derivatives*

Fair value of all derivative instruments are estimated with industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value of money, volatility factors and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. All valuations were compared against counterparty statements to verify the reasonableness of the estimate. The Company's commodity swaps are validated by observable transactions for the same or similar commodity options using the NYMEX futures index, and are designated as Level 2 within the valuation hierarchy. The Company's collars, which are designated as Level 3 within the valuation hierarchy, are not validated by observable transactions with respect to volatility. Presently, all of our derivative arrangements are concentrated with five counterparties all of which are lenders under the Company's Revolver.

The following table reflects the activity for the commodity derivatives measured at fair value using Level 3 inputs during the quarter ended March 31, 2014:

# Edgar Filing: Bonanza Creek Energy, Inc. - Form 10-Q

	Derivative Asset		Derivative Liability	
	(in thousands)			
Beginning balance	\$	415	\$	4,782
Net (decrease) increase in fair value(1)		478		3,774
Net settlement(1)		(879)		(882)
New derivatives		131		488
Transfers in (out) of Level 3				
Ending balance	\$	145	\$	8,162

(1) Net (decrease) increase in fair value and net settlements are a component of the derivative gain (loss) line item in the accompanying statements of operations.

## *Proved Oil and Gas Properties*

Proved oil and gas property costs are evaluated for impairment and reduced to fair value when there is an indication that the carrying costs exceed the sum of the undiscounted cash flows. The Company uses Level 3 inputs and the income valuation technique, which converts future amounts to a single present value amount, to measure the fair value of proved properties through an application of discount rates and price forecasts selected by the Company's management. The calculation of the discount rate is a significant management estimate based on the best information available and estimated to be 10%. Management believes that the discount rate is representative of current market conditions and reflects the following factors: estimate of future cash payments, expectations of possible variations in the amount and/or timing of cash flows, the risk premium, and nonperformance risk. The price forecast is based

on the NYMEX strip pricing, adjusted for basis differentials. Future operating costs are also adjusted as deemed appropriate for these estimates. Proved properties classified as held for sale are valued using a market approach, based on an estimated selling price, as evidenced by the most current bid prices received from third parties. If an estimated selling price is not available, the Company utilizes the income valuation technique discussed above. There were no proved properties measured at fair value at March 31, 2014 or December 31, 2013.

#### *Unproved Oil and Gas Properties*

Unproved oil and gas property costs are evaluated for impairment and reduced to fair value when there is an indication that the carrying costs may not be recoverable. To measure the fair value of unproved properties, the Company uses Level 3 inputs and the income valuation technique, which takes into account the following significant assumptions: future development plans, risk weighted potential resource recovery, and estimated reserve values. Unproved properties classified as held for sale are valued using a market approach, based on an estimated selling price, as evidenced by the most current bid prices received from third parties. If an estimated selling price is not available, the Company uses the price received for similar acreage in recent transactions by the Company or other market participants in the principal market. There were no unproved properties measured at fair value as of March 31, 2014 or December 31, 2013.

#### *Asset Retirement Obligation*

The Company utilizes the income valuation technique to determine the fair value of the asset retirement obligation liability at the point of inception by applying a credit-adjusted risk-free rate, which takes into account the Company's credit risk, the time value of money, and the current economic state, to the undiscounted expected abandonment cash flows. Upon completion of wells and natural gas plants, the Company records an asset retirement obligation at fair value using Level 3 assumptions. Given the unobservable nature of the inputs, the initial measurement of the asset retirement obligation liability is deemed to use Level 3 inputs. There were no asset retirement obligations measured at fair value at March 31, 2014 or December 31, 2013.

#### *Long-term Debt*

As of March 31, 2014, the Company had \$500 million of outstanding 6.75% Senior Notes (the "Senior Notes"). The Senior Notes are recorded at cost net of the unamortized premium on the accompanying balance sheets at \$508.5 million and \$508.8 million as of March 31, 2014 and December 31, 2013, respectively. The fair value of the Senior Notes as of March 31, 2014 and December 31, 2013 was \$526.0 million and \$527.5 million, respectively, measured using Level 1 inputs based on a secondary market trading price. The carrying value of the Company's credit facility approximates fair value, as the applicable interest rates are floating.

### **NOTE 10 DERIVATIVES**

The Company enters into commodity derivative contracts to mitigate a portion of its exposure to potentially adverse market changes in commodity prices and the associated impact on cash flows. All contracts are entered into for other-than-trading purposes. The Company's derivatives include swaps and collar arrangements for oil and gas and none of the derivative instruments qualify as having hedging relationships.



# Edgar Filing: Bonanza Creek Energy, Inc. - Form 10-Q

As of March 31, 2014, the Company had the following derivative commodity contracts in place:

Settlement Period	Derivative Instrument	Total Volumes (Bbls/MMBtu per day)	Average Fixed Price	Average Short Floor Price	Average Floor Price	Average Ceiling Price	Fair Market Value of Asset (Liability) (in thousands)
<b>Oil</b>							
2Q 2014	Swap	4,126	\$ 96.20				(1,599)
3Q 2014	Swap	3,870	\$ 93.04				(1,623)
4Q 2014	Swap	3,870	\$ 93.04				(683)
2Q 2014	Collar	4,846			\$ 86.55	\$ 96.72	(2,039)
3Q 2014	Collar	4,326			\$ 86.16	\$ 96.57	(1,464)
4Q 2014	Collar	4,326			\$ 86.16	\$ 96.57	(824)
2Q 2014	3-Way Collar	2,000		\$ 65.00	\$ 87.68	\$ 99.75	