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Policies & Procedures

BONANZA CREEK ENERGY, INC.
CORPORATE GOVERNANCE GUIDELINES

Introduction

The Board of Directors (the "**Board**") of Bonanza Creek Energy, Inc. (the "**Company**") has adopted these Corporate Governance Guidelines (the "**Guidelines**") to assist it in the exercise of its responsibilities to provide effective governance over the Company's affairs for the benefit of its stockholders. These Guidelines are reviewed annually by the Nominating and Corporate Governance Committee and revised, as appropriate.

Director Qualifications

The Board will have a majority of directors who meet the criteria for independence as required by the New York Stock Exchange. Nominees for directorship will be recommended to the Board by the Nominating and Corporate Governance Committee in accordance with its charter. Directors must advise the Chairman and the Chairman of the Nominating and Corporate Governance Committee in advance of accepting an invitation to serve on another public company board. Notwithstanding the foregoing, no director may serve on more than three other public company boards; provided, however, no member of the Audit Committee may serve on more than two other public company audit committees without first obtaining the prior approval of the Board.

Director Responsibilities

The primary responsibility of the Board is to foster the long-term success of the Company, consistent with representing the interests of the stockholders. The day-to-day business and affairs of the Company are conducted by its employees and officers, under the direction of the chief executive officer ("**CEO**") with oversight by the Board. In discharging the obligation of oversight, directors are encouraged and expected to ask questions of and raise issues with management as part of their oversight. In discharging their obligations, directors shall be entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisors and auditors. In discharging its primary responsibility to the Company and its stockholders, the Board recognizes that the interests of stockholders are advanced by responsibly addressing the concerns of other interested third-parties including employees, customers, suppliers, and the public at large. Members of the Board must fulfill their responsibilities consistent with their fiduciary duty to the stockholders, and in compliance with all applicable laws and regulations.

Information and data that are important to the Board's understanding of the business to be conducted at a Board meeting should generally be distributed in writing to the Board before the meeting; provided, that the Board recognizes that certain items to be discussed at Board meetings are of an extremely urgent or sensitive nature and that distribution of materials on these matters prior to Board meetings may not be feasible. Directors should review in advance any materials sent to them before the meeting. A director should endeavor to attend all Board meetings and all meetings of Board committees on which he or she sits, as well as the annual meeting of the Company's stockholders.

The non-management directors will meet in regularly scheduled executive sessions at least quarterly. The name of the director who presides at these meetings will be disclosed in the Company's annual proxy statement. If the group of non-management directors includes any directors who are not independent, at least once per year an executive session comprising only independent directors will be scheduled.

The Board's governance and oversight functions do not relieve the primary responsibilities of the Company's management to (1) make and keep books, records and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) devise and maintain an effective system of internal accounting controls; (3) devise and maintain effective disclosure controls and procedures and internal controls over financial reporting; (4) prepare financial statements that are accurate and complete and fairly present the financial condition, results of operations and cash flows of the Company; and (5) devise and maintain systems, procedures and corporate culture which promote compliance with legal and regulatory requirements and the ethical conduct of the Company's business.

Board Committees

The Board will have at all times an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. All of the members of these committees will be independent directors, and each committee will have its own charter. The charters will set forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. The charters will also provide that each committee will annually evaluate its performance and regularly review the adequacy of its charter. The Board will receive a report from each committee on these matters and review recommended changes. The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

Director Access to Management and Independent Advisors

Directors will have open access to the Company's management and employees. In addition, certain of the Company's executive officers shall routinely attend Board and committee meetings and they and other managers will frequently brief the Board and the committees on particular topics. The Board will encourage executive management to bring managers into Board or committee meetings and other scheduled events who (i) can provide additional insight into matters being considered or (ii) are considered by executive management as having management potential and warranting exposure to the members of the Board.

The Board and committees thereof have the authority to retain, set terms of engagement, and dismiss such independent advisors, including legal counsel, accountants or other experts, as it deems appropriate, and to approve the fees and expenses of such advisors.

Director Compensation

In accordance with its charter, the form and amount of director compensation will be periodically reviewed by the Compensation Committee and recommended by the Compensation Committee to the Board for approval. The Compensation Committee will consider that directors' independence may be jeopardized if director compensation and emoluments exceed customary levels, if the Company makes substantial charitable contributions to organizations with which a director is affiliated or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a director or an organization with which the director is affiliated.

Director Orientation and Continuing Education

All new directors must participate in an orientation process for new directors that includes materials and meetings with key management designed to familiarize new directors with the Company's business, strategic plans, operations, finances, governance practices and internal and independent auditors. The program may also address current legal requirements and best practices relating to Board functions.

From time to time, the Company will provide Board members with information from the Company or third-party experts on topics that will assist Board members in carrying out their duties. Board members are also encouraged to attend accredited third-party training programs for directors.

CEO Evaluation and Management Succession

The Nominating and Corporate Governance Committee will conduct an annual review of the CEO's performance. The results of this review will be shared with the Compensation Committee, which considers the evaluation and establishes the compensation of the CEO and other senior management based, in part, on this evaluation. In addition, the Board will review the Nominating and Corporate Governance Committee's report in order to ensure that the CEO is providing the best leadership for the Company in the long and short-term.

The Nominating and Corporate Governance Committee is charged with establishing and monitoring a process that ensures that a management continuity plan is in place and reviewed at least annually with the Board, which should include policies and principles to select the CEO as well as policies regarding succession in the event of an emergency or retirement of the CEO. The CEO should at all times make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

Annual Performance Evaluation

The Board will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The Nominating and Corporate Governance Committee will receive comments from all directors and senior management and report annually to the Board with an assessment of the Board's performance. This will be discussed with the full Board following the end of each fiscal year. The assessment will focus on the Board's contribution to the Company and specifically focus on areas in which the Board or senior management believes that the Board could improve.

Code of Business Conduct and Ethics

The Company will periodically review its code of business conduct and ethics to address, among other things, changes in the requirements for public disclosure and compliance with applicable governmental laws, rules and regulations.

Term Limits

The Board does not believe it should establish term limits. Term limits might bring fresh ideas and viewpoints to the Board, but at a cost of losing the benefits of continuity and insight into the

Company and its operations that come with longer service. As an alternative to term limits, the Nominating and Corporate Governance Committee, in consultation with the Chairman of the Board and the CEO, will review each director's continuation on the Board every year prior to the nomination for reelection.

Directors Whose Circumstances Change

The Nominating and Corporate Governance Committee is required by its charter to "[m]onitor and review any issues regarding the independence of directors or involving potential conflicts of interest and evaluate any change of status or circumstances with respect to a director and determine the propriety of the director's continued service in light of such change."

A director whose principal occupation or business association substantially changes from those held when he or she was elected to the Board shall so advise the Nominating and Corporate Governance Committee. The Board does not believe that such a change means that directors should necessarily leave the Board under such circumstances. However, there should be an opportunity for the Board, with recommendation from the Nominating and Corporate Governance Committee, to review the continued appropriateness of Board membership under changed circumstances and decide what action, if any, should be taken with respect to the resignation.

Other changes that should suggest reconsideration of Board service include conflicts of interest, retirement and substantial changes in the level of other commitments. If the Board determines that continued Board service would not be appropriate, the director is expected to tender such director's resignation.