



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Brett F. Woods, Ph.D.
Acting Cabinet Secretary

J. Daniel Sanchez
Acting Division Director
Oil Conservation Division



October 28, 2011

David P. Spencer
Chaparral Resources, LLC
701 Cedar Lake Blvd.
Oklahoma City, OK 73114

Re: Administrative Order SWD-576

Houston "A" Well No. 1 (API 30-025-07202)
2310 FSL, 330 FWL, Unit letter L, Sec 19, T12S, R38E, NMPM, Lea County
Devonian formation disposal depth, perforations from: 11,875 to 11,960 feet

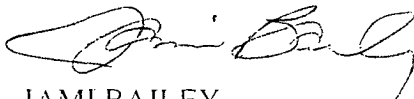
You have submitted a request on behalf of Chaparral Resources, LLC, for a higher packer setting depth for the reasons outlined in the attached correspondence.

It is our understanding the new packer was set by necessity at 11,703 feet. The packer setting depth requirement of administrative permit SWD-576 is hereby revised to 11,703 feet.

Your geologist has stated the top of the Woodford shale is at approximately 11,771 feet. Henceforth, if the disposal packer is moved higher than 11,703 feet, then prior to commencing disposal, the operator shall apply to the Division for a new disposal permit and provide notice indicating an intention to dispose into the lower Mississippian formation and the Woodford shale along with the Devonian formation.

The Division finds that granting this request to extend this injection permit is in the interest of conservation and will prevent waste and protect the environment.

All other requirements of the above referenced injection permit remain in full force and effect.



JAMI BAILEY
Director

Cc: Oil Conservation Division – Hobbs
File: SWD-576

