

28 February 2002

New Mexico Energy, Minerals and Natural Resources Department  
Oil Conservation Division  
Attn: Bill Olson, Hydrologist  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

RECEIVED

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ENVIRONMENTAL BUREAU  
OIL CONSERVATION DIVISION

RE: Stage 1 Abatement Plan  
South Langlie Jal Unit  
Sec. 7, 8, 17 & 18  
Twp 25 South - Rge 37 East  
Lea County, New Mexico

Dear Mr. Olson:

In reply to your letter of 2 January 2002, enclosed is Chaparral Energy, Inc.'s (hereinafter referred to as Chaparral) amended Stage 1 Abatement Plan for the South Langlie Jal Unit, located in portions of Sections 7, 8, 17 and 18 of Township 25 South, Range 37 East, Lea County, New Mexico. Chaparral analyzed and evaluated your letter and its amended plan attempts to reply to each of your six points in an as complete a manner as is practical. We have sent people to check the records as they are maintained in the Hobbs, New Mexico office of the NMOCD to ascertain what is and is not a verifiable release, when the release occurred, the volumes lost and what attempts were made to remediate the site or sites. Chaparral also has checked NMOCD and Dwight's records as to oil and gas well locations, disposal sites, flowlines, tank batteries and pits on and around the unit. Where documented, they are listed and placed on the attached maps. If you are aware of other documented sites, please let us know of their location in order for us to visit those sites and make a determination as to status as a release site in need of work.

We have tried to ascertain the validity of independent reports that other sites have been contaminated by saltwater releases. In some cases, these reports overlap what is of record. In others we fail to see definite release related problems. It will be far too expensive for a small company to investigate and verify or refute each and every spot someone thinks or feels may have been a release site.

The attached plan covers the locations Chaparral Energy Inc. intends to drill monitoring wells in search of reliable information as to the status of incoming groundwater and to establish baseline data on groundwater and aquifer quality. To further extend the database, Chaparral intends to locate, sample and test local existing water wells from this aquifer. All testing shall be in accordance with New Mexico Water Quality Control Commission requirements and will include analyzing for BTEX, TDS, major cations and anions and WQCC metals. Additionally, the plan covers the locations where Chaparral will conduct soil sampling and testing.

OCD Exhibit No. 16

Case No. 13061

July 15, 2003 Sept 2, 2004

Idaho 73114 • telephone: 405-478-8770 • facsimile: 405-478-1947



**Chaparral Energy, Inc.**  
**South Langlie Jal Unit**  
**28 February 2002**

When Chaparral assumed control over the South Langlie Jal Unit from the bankruptcy court, much of the well history was not available from Bristol. Since that time Chaparral has completed Mechanical Integrity Testing on the water injection wells within the unit. At least two wells have been scheduled for plugging and abandoning, waiting only for permission to come down from the NMOCD. In an attempt to further address the problems inherited from the previous owner, Chaparral has removed surface debris, used equipment and other such items, as well as replaced worn equipment and flowlines. All this in an attempt to put the unit back into respectable shape and to prevent the releases of oil or saltwater. During the course of this, and very early into our tenure on the lease, there have been two very small yet reportable releases of crude oil. There have been no saltwater spills. Chaparral has cleaned up both in a timely fashion and the NMOCD appears satisfied the job was performed correctly and expeditiously. Both sites are on our list of sites to investigate in order to ensure they are in fact remediate to state standards.

After you have had a chance to review this plan, please contact the undersigned as to the next phase of this project.

Sincerely,



Robert C. Lang IV, REM, CEA  
Environmental, Health & Safety Manager

cc: Chris Williams, OCD Hobbs District Office