



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

July 30, 2004

Chaparral Energy, Inc.
Attn: Mr. Robert C. Lang IV
701 Cedar Lake Blvd.
Oklahoma City, Oklahoma 73114-7806

Smith & Mars, Inc.
Attn: Mr. Rickey Smith
P.O. Box 863
Kermit, Texas 79745

CERTIFIED MAIL

Re: Case No. 13061 (Re-Opened)

Application of the New Mexico Oil Conservation Division, through the Environmental Bureau Chief, for an Order Determining the Responsible Party or Parties and Ordering the Responsible Party or Parties to Complete and Perform an Abatement Plan Pursuant to OCD Rule 19; Lea County, New Mexico.

Gentlemen:

You are hereby notified that the New Mexico Oil Conservation Division has filed the referenced Application, a copy of which is enclosed herewith, seeking to re-open the referenced case to obtain an order directing Smith & Marrs, Inc. to comply with the Settlement Agreement previously entered into with respect to subsurface water pollution at the South Langlie Jal Unit in Lea County, New Mexico, and seeking civil penalties.

A hearing on this Application will take place before a Division hearing officer on Thursday, September 2, 2004, at 8:15 a.m., in Porter Hall, First Floor, 1220 South St. Francis Drive in Santa Fe, New Mexico. At that hearing you will have an opportunity to show cause why an order should not be entered as requested in the Application.

Should you have questions, you may contact the undersigned in the Santa Fe office of the Oil Conservation Division, at (505)-476-3450.

Very truly yours,

David K. Brooks
Assistant General Counsel

cc: Ernest Padilla
Padilla Law Firm, P.A.
P.O.Box 2523
Santa Fe, NM 87504

cc: Mr. Gary Larson
Hinkle, Hensley, Shanor & Martin, LLP
P.O.Box 2068
Santa Fe, NM 87504-2068

cc: Mr. William C. Olson, OCD