

October 18, 2006

Bureau of Land Management
Attn: Alexis Swoboda
2909 W. Second Street
Roswell, NM 88201

New Mexico Oil Conservation Division
Attn: Ed Martin
220 South St. Francis Drive
Santa Fe, NM 87503

Commissioner of Public Lands
Attn: Pete Martinez
Oil & Gas Mineral Division
PO Box 1148
Santa Fe, NM 87504-1148

Re: Request for Extension of Commencement Date
Cat Head Mesa Unit Area
Socorro County, New Mexico

2006 OCT 27 PM 12 42

Ladies and Gentlemen:

Primero Operating, Inc., the Operator of the Cat Head Mesa Unit Area, Unit Agreement No. NMNM 106852X, has filed a request for extension of time to commence the drilling of the No. 4 CHMU well from November 1, 2006 to May 1, 2007. The Commissioner of Public Lands, subject to like concurrence by the Bureau of Land Management and the New Mexico Oil Conservation Division, has approved an extension to May 1, 2007. In it's request, Primero makes reference to Chaparral Energy, LLC, seeking to become the unit operator for the area. This letter is to provide you some background about Chaparral and it's commitment to the development of this area.

After lengthy negotiations, Chaparral's affiliate, Chaparral CO2, LLC, entered into a farmout agreement at the end of September, 2006, with Primero Operating, Inc. and the owners of the working interests in the Cat Head Mesa Unit Area. Chaparral has filed and application to become the unit operator for said area, subject to approval,



including the drilling of the No. 4 CHMU well. Chaparral will apply for a drilling permit for that well and is attempting to contract a rig. At this point it appears doubtful that a rig can be located in adequate time to spud a well by November 1st. The required archeological survey has been contracted and should be completed shortly. A biological survey, if necessary, is being contracted as well. In addition, Chaparral is conducting extensive geological and infrastructure evaluations of the area. As soon as Chaparral is able to obtain a permit and a drilling rig, which is estimated to be available by the likely drilling contractor in mid-December, Chaparral plans to commence drilling a well on federal lands and to re-enter and test existing or additional zones in each of the three previously drilled wells in the area. Subject to the results of it's evaluations, Chaparral hopes to drill at least three additional wells within a two year time frame and begin building a production infrastructure.

This arrangement has required Chaparral to commit a substantial sum of money to this area. Chaparral is optimistic for the success of this area and looks forward to the opportunity to develop it, if given the opportunity. If proven to Chaparral's expectations, this area will be an important part of Chaparral's operations.

Thank you for your consideration. Please do not hesitate to contact the undersigned if you have any questions or concerns. The direct telephone number is 405-478-8770, extension 1151, or facsimile is 405-478-1890.

Very truly yours,

A handwritten signature in cursive script, reading "Dana Latimer-Sittig".

Dana Latimer-Sittig
Vice President – Land