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WRITER:

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August 9, 2007

13984

Case ~~13588~~ 9

HAND DELIVERY

Florene Davidson
Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Re: ***Chaparral Energy, LLC Application for Compulsory Pooling***

Dear Florene:

On behalf of Chaparral Energy, LLC ("Chaparral"), I am enclosing for filing the original and one (1) copy of Chaparral's Application for Compulsory Pooling. Also enclosed are the original and one (1) copy of a proposed advertisement.

I would appreciate your setting this matter for the September 20, 2007 Examiner hearing.

Thank you for your assistance.

Very truly yours,

Gary W. Larson

GWL:jr
Enclosures

BEFORE THE NEW MEXICO
OIL CONSERVATION DIVISION

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APPLICATION OF CHAPARRAL ENERGY,
LLC, FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO

Case No. 13984

APPLICATION

Chaparral Energy, L.L.C. ("Chaparral") hereby applies for an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 17, Township 25 South, Range 36 East, N.M.P.M., Lea County, New Mexico. In support of its application, Chaparral states:

1. Chaparral is an interest owner in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 17, and is the operator of record of the West Jal B Deep No. 1 well.
2. In November 2005, Chaparral reentered and recompleted the West Jal B Deep No. 1 well in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 17 for purposes of producing from the West Jal Wolfcamp Pool at a depth interval of 11,379 feet to 11,399 feet. Due to a subsequent loss of production at that depth interval, Chaparral currently plans to perform further recompletion work on the West Jal Deep No. 1 well at a depth interval of 11,416 feet to 11,425 feet.
3. Chaparral proposes to dedicate the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 17 to the West Jal B Deep No. 1 well to form a standard 40-acre spacing and proration unit for production from the Wolfcamp Pool.
4. Chaparral has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 17 for the purposes set forth herein.

5. Although Chaparral has attempted to obtain voluntary agreements from all mineral interest owners to commit their interests to the West Jal B Deep No. 1 well, certain interest owners have failed or refused to join in dedicating their interests. Therefore, Chaparral seeks an order pooling all mineral interests in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 17, pursuant to NMSA 1978, § 70-2-17.

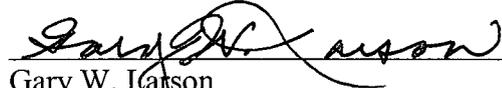
6. The pooling of all mineral interests underlying the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 17 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Chaparral requests that, after notice and hearing, the Division enter an order:

- a. Pooling all mineral interests in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 17, from the surface to the base of the Wolfcamp formation;
- b. Designating Chaparral as the operator of the West Jal B Deep No. 1 well;
- c. Considering the cost of reentering and recompleting the West Jal B Deep No. 1 well, and allocating the cost among the well's working interest owners;
- d. Approving actual operating charges and costs for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- e. Setting a 200% charge for the risk involved in reentering and recompleting the West Jal B Deep No. 1 well in the event an interest owner elects not to participate in the well.

Respectfully submitted,

HINKLE, HENSLEY, SHANOR & MARTIN, LLC



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Attorneys for Chaparral Energy, L.L.C.

**BEFORE THE NEW MEXICO
OIL CONSERVATION DIVISION**

**APPLICATION OF CHAPARRAL ENERGY,
LLC, FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

Case No. 13984

PROPOSED ADVERTISEMENT

Case No. _____: Application of Chaparral Energy, LLC for compulsory pooling, Lea County, New Mexico: Chaparral Energy, LLC seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 17, Township 25 South, Range 36 East, NMPM, to form a standard 40-acre spacing and proration unit developed on 40-acre spacing within than vertical extent. The unit is to be dedicated to the West Jal B Deep No. 1 well, which is located at an orthodox well location. Also to be considered will be the cost of reentering and recompleting the West Jal B Deep No. 1 well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision and a 200% charge for the risk involved in reentering and recompleting the well. The unit is located approximately 5.5 miles east of Jal, New Mexico.

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