



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

August 8, 2007

Chaparral Energy LLC
701 Cedar Lake Blvd
Oklahoma City, OK 73114

Certified Mail No.: 7004 2510 0006 6624 4320

Chaparral Energy LLC
C/O Capital Document Services Inc.
55 Old Santa Fe Trail, Second Floor
Santa Fe, NM 87501

Certified Mail No.: 7004 2510 0006 6624 4597

NOTICE OF VIOLATION (2-07-17)

Re: Operator: Chaparral Energy LLC; OGRID 4115
Facility: Roberts 13 No. 001Y, API No. 30-015-34892
Violations: OCD Rule 1105 [19.15.13.1105 NMAC]
OCD Rule 41 [19.15.1.41 NMAC]

Dear Operator:

On July 12, 2007, Oil Conservation Division (hereinafter "OCD") Deputy Oil and Gas Inspector Guye reviewed the file for the above identified well and determined that Chaparral Energy LLC (hereinafter "Chaparral") has not filed a completion report for the well which OCD records show was completed in May 2006.

Rule 1105 states, "Within 20 days following the completion or recompletion of any well, the operator shall file form C-105 with the division."

Chaparral Energy, LLC
Case 14006
OCD Exhibit No. 6

Rule 41 states:

Any person who conducts any activity pursuant to a permit, administrative order or other written authorization or approval from the division shall comply with every term, condition and provision of such permit, administrative order, authorization or approval.

On July 12, 2007, Inspector Guye sent Chaparral a letter of violation that informed Chaparral of the violation and requested that Chaparral take corrective action by July 24, 2007.

To date, Chaparral has not submitted the completion report nor contacted the OCD regarding the violation.

Chaparral knowingly and willfully violated Rules 1105 and 41 by failing to file a completion report after being informed of the violation.

Chaparral's misconduct warrants issuance of this Notice of Violation and assessment of civil penalties pursuant to NMSA 1978, §70-2-31(A) for violations of the OCD rules described above. Section 70-2-31(A) authorizes penalties of up to **one thousand dollars (\$1,000.00)** per day per violation for any knowing and willful violation of any provision of the Oil and Gas Act or any rule adopted pursuant to the Act.

Because the rule violations at issue are serious and occurred over a period of time, the OCD believes at this time a **one thousand dollars (\$1,000)** civil penalty and a definite commitment to future corrective action are essential.

Please contact me **within ten (10) days of the date of this letter** at (505) 476-3493, to schedule an administrative conference to discuss this matter. OCD legal counsel may be present by telephone for this conference, and you may bring legal counsel if you wish. The purpose of the administrative conference is to discuss the facts surrounding this notice of violation, and to determine if the matter can be resolved administratively through an agreed compliance order.

If this matter cannot be resolved administratively, the OCD may take further enforcement action, which may include an enforcement hearing before an OCD hearing examiner seeking an order requiring that the wells be plugged and abandoned pursuant to NMSA 1978, § 70-2-14(B). That statute provides:

If any of the requirements of the Oil and Gas Act or the rules promulgated pursuant to that act have not been complied with, the oil conservation division, after notice and hearing, may order any well plugged and abandoned by the operator or surety or both in accordance with division rules. If the order is not complied with in the time period set out in the order, the financial assurance shall be forfeited.

Thank you for your prompt attention to this matter. Please feel free to call me if you have any questions.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Dan Sanchez", with a long horizontal line extending from the end of the signature.

Daniel Sanchez
OCD Compliance Manager

cc: Tim Gum, District Supervisor, District II
Gerry Guye, Inspector, District II
Sonny Swazo, OCD Assistant General Counsel

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SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

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1. ☐ Addressee's Address
2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Chaparral Energy LLC
701 Cedar Lake Blvd.
Oklahoma City, OK 73114

4a. Article Number

7004 2510 0006 6624 4320

4b. Service Type

- | | |
|--|------------------------------------|
| <input checked="" type="checkbox"/> Registered | <input type="checkbox"/> Certified |
| <input type="checkbox"/> Express Mail | <input type="checkbox"/> Insured |
| <input checked="" type="checkbox"/> Return Receipt for Merchandise | <input type="checkbox"/> COD |

7. Date of Delivery

5. Received By: (Print Name)

Alisha Clinger

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)

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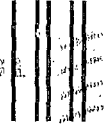
Alisha Clinger

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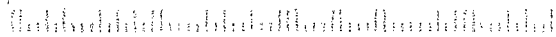
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OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DRIVE
SANTA FE, NEW MEXICO 87505

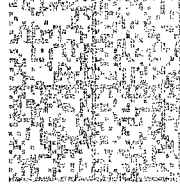
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STATE OF NEW MEXICO
ENERGY MINERALS AND
NATURAL RESOURCES DEPARTMENT
1220 SOUTH SAINT FRANCIS DRIVE
SANTA FE, NEW MEXICO 87505

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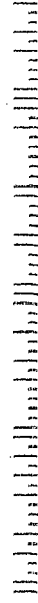
Chaparral Energy, LLC
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55 Old Santa Fe Trail, Second Floor
Santa Fe, NM

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