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March 7, 2002


David Catanach
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Case 12795 (Chaparral Energy, Inc.)

Dear Mr. Catanach:

Enclosed is an exhibit demonstrating the penalty calculation I proposed in my closing statement.

Very truly yours,



James Bruce

Attorney for Chaparral Energy, Inc.

cc: Wm. F. Carr w/encl.

Case No. 12795

Application of Chaparral Energy, Inc.

The Crosby Deep 28 Well No. 1 is located 330 feet FSL and 1980 feet FWL of Section 28, Township 25 South, Range 37 East, NMPM.

The only well in the NW¼ of Section 33 which could be a candidate for recompletion in the Devonian formation is the Crosby Deep 33 Well No. 4, which is located 785 feet FNL and 1980 feet FWL of Section 33. (A new well will not be drilled in the NW¼ of Section 33.)

The Crosby Deep 28 Well No. 1 is located **1115** feet from the Crosby Deep 33 Well No. 4. See Chaparral Exhibit No. 8.

Well spacing in the Crosby-Devonian Gas Pool is 160 acres, with orthodox well locations to be no closer than 660 feet to a quarter section line. Thus, wells should be located a minimum of (660 + 660) = **1320** feet from each other.

The Crosby Deep 28 Well No. 1 is only encroaching on the Crosby Deep 33 Well No. 4 by 1320 - 1115 = 205 feet. Therefore, a maximum penalty is calculated as follows.

$$205/1320 = 15.5\% \quad (\text{penalty})$$

or

$$1115/1320 = 84.5\% \quad (\text{allowable})$$