



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

December 26, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Chaparral Energy, Inc.
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504

Case 12795

RE: Administrative application on behalf of Chaparral Energy, Inc. for a location exception (application reference No. pKRV0-134550740) filed with the New Mexico Oil Conservation Division ("Division") on December 10, 2001 for its Crosby Deep Well No. 1 (API No. 30-025-23891) located at an unorthodox Devonian gas well location 330 feet from the South line and 1980 feet from the West line (Unit N) of Section 28, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico. The SW/4 of Section 28 is to be dedicated to this well in order to form a standard 160-acre gas spacing and proration unit for the Crosby-Devonian Gas Pool (see Division Rule 104, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, and the Division Director's notice to all operators dated October 25, 1999).

Dear Mr. Bruce:

The Division is in receipt of an objection from Pride Energy Company to the subject application, see copy of telefaxed letter attached.

This application will therefore be set for hearing before a Division Hearing Examiner on the next available docket scheduled for January 24, 2002. I have prepared the following advertisement in this matter:

"Application of Chaparral Energy, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks an exception to Division Rule 104.C (3) for its existing Crosby Deep Well No. 1 (API No. 30-025-23891), to be recompleted up-hole into the Devonian formation at an unorthodox gas well location 330 feet from the South line and 1980 feet from the West line (Unit N) of Section 28, Township 25 South, Range 37 East. The SW/4 of Section 28 is to be dedicated to this well in order to form a standard 160-acre gas spacing and proration unit for the Crosby-Devonian Gas Pool. This unit is located approximately two miles east of Jal, New Mexico".

Should you have any questions concerning this matter, please contact me in Santa Fe at (505) 476-3465.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/kv

cc: New Mexico Oil Conservation Division - Hobbs
John W. Pride, Pride Energy Company - Tulsa, Oklahoma