

Billy W. Nievar P.E.
Chaparral Energy LLC
701 Cedar Lake Blvd
Oklahoma City, Oklahoma 73114

February 27, 2014

Mr. Phillip Goetz
Oil Conservation Division
Energy Minerals and
Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

RE: Letter of Violation Dated (10-Oct-13)

Dear Mr. Goetz:

Chaparral Energy received the referenced letter of violation and has prepared a response for parts of the letter. This letter deals with the Packer setting depths for West Dollarhide Queen Sand Unit (WDQSU) Wells No. 021, 036, 037, 151 and 133.

West Dollarhide Queen Sand Unit No. 021. M-30-24S-38E 30-025-12270

****Packer Setting depth 106' above top perf. ***Operator in Violation of NMOCD Permit order WFX-570*** Operator must seek Approval from Phillip Goetz – OCD Santa Fe Prior to setting Packer more than 100' above top perf*****

Response: In February 1997 this well was placed in Temporary Abandonment Status by setting a CIBP at 3,600'. In April 2010 Chaparral was required to remove the well from TA status. Usually it takes two to three days of work to remove the CIBP and run the injection tubing and packer. Due to down hole well conditions this well took 8 days of time. We had difficulty in locating a packer seat. Well records show this well has 7.0" casing cemented up to 720' and 4-1/2" casing cemented to surface inside the 7.0" casing. On April 20, 2010 we had set the packer at 3,583' and did a 500 psi annulus pretest. On April 21, 2010 we placed packer fluid in the annulus flanged up the well and the annulus leaked. We tested at 61' higher and had a leak. Pulled 10' higher and it held. We had to use tubing subs to keep the packer at this depth. This ended up with the packer at 3,560'. The top perforation is at 3,666'. The annulus tested ok on April 21, 2010 with the packer set at 3,560'. Due to the well conditions Chaparral requests that NMOCD grant approval of setting the injection packer more than 100' above the top perforation. See (Attachment A) attached well bore schematic and Well History.

30-025-12288
WDQSU No. 36
Based on information
provided, packer
within 100 ft.
Goetz 03/25/2014
2014 MAR 19 P 1:59
RECEIVED OCD

West Dollarhide Queen Sand Unit No. 036. I-31-24S-38E 30-025-12288

****Packer Setting depth 132' above top perf. ***Operator in Violation of NMOCD Permit order WFX-570*** Operator must seek Approval from Phillip Goetz – OCD Santa Fe Prior to setting Packer more than 100' above top perf*****

Response: It appears the previous wellbore schematic with a packer setting depth of 3,442' is in error. The correct setting depth should be 3,478.25'.

This well was drilled and completed in November 1952. 7.0" casing was set at 3,670' and cemented with 1,400 sx cement. In 1988 the well was deepened to 3,969', 4-1/2" casing was then run and cemented to surface at 3,950'. After the workover the top perforation was placed at 3,574'. When the well was initially placed on injection in 1988 the injection packer was placed at 3,472'. In a workover conducted by Oxy in March 1993 the packer was set with 113 joints at 3511.08. Chaparral has worked on the well one time since it was placed on injection. In June 2008 a tubing leak developed in the injection string. Thus a workover was required to repair the well. During the workover the 4-1/2" casing collapsed at the surface, right under the wellhead. The 4-1/2", 7.0" and 9-5/8" casings were all repaired during the workover. One joint of injection tubing was removed that had a hole in the tubing. 112 jts injection tubing and the packer were run back into the well and set at 3,478'. This places the packer 96' above the top injection perforation.

This setting depth was determined after a diligent search of the well file. A tubing detail of the injection tubing was located for the March 1993 workover conducted by Oxy. From this information and the workover conducted by Chaparral in 2008 we were able to determine the proper setting depth of the packer. The depth was determined by averaging the joint tally as listed in the Oxy March 25, 1993 workover report. Thus using an average of 30.95' for each joint of tubing and having one joint removed. Chaparral ran 112 jts in the well on June 6, 2008. Then adding the length of the Seating Nipple 1.10' the Packer of 2.75' and Kelly bushing depth of 8.00' totals up to 3,478.25'. This depth places the packer within 96' of the top perforation. See (Attachment B) attached well bore schematic and Well History. Thus with this additional information WDQSU No. 36 should not be in Violation of NMOCD Permit Order WFX-570.

West Dollarhide Queen Sand Unit No. 037. L-32-24S-38E 30-025-12302

****Packer Setting depth 117' above top perf. ***Operator in Violation of NMOCD Permit order WFX-570*** Operator must seek Approval from Phillip Goetz – OCD Santa Fe Prior to setting Packer more than 100' above top perf*****

Response: This well was initially drilled and completed in April and May of 1953. 7.0" casing was set at 3,662' and cemented with 200 sx cement. In March 1974 the well was plugged and abandoned. In

March 1981 the well was washed down to 1313' and the well replugged. In August 1989 the well was reentered and deepened to 3,900', 4-1/2" casing was then run and cemented to surface at 3,900'. After the workover the top perforation was set placed at 3,570'. In May 1997 a CIBP was set in the 4-1/2" casing at 3,690'. The last data in the well file indicates the injection packer is set at 3,494'. This places the packer only 76' above the top injection perforation. It appears the Chaparral wellbore schematic is in error. An updated wellbore schematic is attached see (Attachment C).

West Dollarhide Queen Sand Unit No. 151. M-29-24S-38E 30-025-30306

****Packer Setting depth 119' above top perf. ***Operator in Violation of NMOCD Permit order WFX-570*** Operator must seek Approval from Phillip Goetz – OCD Santa Fe Prior to setting Packer more than 100' above top perf*****

RESPONSE: This well was drilled by Sirgo Operating Inc. The well was spud on July 24, 1989. The well was drilled to a TD of 3,940'. On July 29, 1989 5-1/2" casing was run and set at 3,940' and cemented to surface with 1000 sx of cement. On August 14, 1989 2-3/8" injection tubing was run in the well and a packer was set at 3,537.8'. Since that time the well has not been pulled or worked on. This packer has been in this position before Chaparral became operator of the WDQSU in November 1, 2003.

It is possible to perform a workover and remove the tubing and packer. Chaparral could attempt to find a packer seat 20' deeper than the packer is located at however, experience in the field has taught us that corrosion can be a problem and could make it difficult in locating a packer seat at a deeper depth.

Due to the well conditions Chaparral requests that NMOCD grant approval of setting the injection packer more than 100' above the top perforation. See (Attachment D) attached well bore schematic and Well History.

West Dollarhide Queen Sand Unit No. 133. D-31-24S-38E 30-025-30355

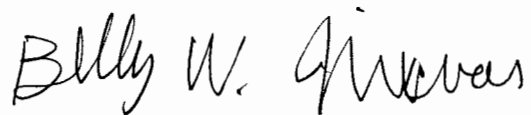
LAST INJECTION 12/2012: SHUT IN/TA EXPIRED 2007; NO REPORT ON FILE TO DETERMINE STATUS CHANGE OF WELL; TA'D 2006 TBG/PKR IN HOLE; *****Operator in Violation of NMOCD Rule 19.15.25.12 (APPROVED TEMPORARY ABANDONMENT) ***** UPON WORKOVER OPERATOR MUST SET PACKER ACCORDING TO OCD PERMIT WFX-570 – NOTE – IF PACKER CANNOT BE SET ACORDINGLY, OPERATOR MUST CONTACT OCD SANTA FE PHILLIP FOR PACKER SETTING APPROVAL.**

RESPONSE: The WDQSU No. 133 was spud on February 3, 1990. 5-1/2" casing was run and cemented at 3,950' 850sx. Cement did not circulate. 1,036' of 1" tubing was run outside of the 5-1/2" casing and Cmt'd to surface w/170 sx. The well was completed in February 1990 as an injection well with the packer set at 3,558.04. The top perf is at 3,678'. This places the packer 119' above the top perforation. From Chaparrals records it appears that once the well was placed on injection in February 1990 it has

never been pulled apart. Chaparral took over operations of the WDQSU on November 1, 2003. The well was placed on Temporary Abandonment Status from Jan 24, 2007 to Jan 24, 2008. Chaparral has tested the flow line to the well and it is in working condition. Chaparral has also noticed that the well appears to have a tubing leak. Chaparral is preparing 3160-5 forms for the BLM to repair this well. During the workover Chaparral will make an attempt to set the packer within 100' of the top perforation, test the annulus and see if the annulus will hold. If the annulus will not hold due to rough casing within 100' of the top perforation Chaparral will have to move the packer to a location where the annulus will hold. Chaparral will not know this until work begins on the well. After the well is repaired and the Mechanical Integrity Testing is complete and approved Chaparral would like to return the well to active injection. See (Attachment E) attached well bore schematic and Well History.

The five question and response scenarios listed above deal directly with the letter of violation referenced above. Hopefully this information will successfully answer the questions raised in the letter of violation. If you have further questions please feel free to contact me at 405-426-4040. Also a response to Chaparral from the State of New Mexico is requested regarding these responses.

Sincerely,

A handwritten signature in black ink that reads "Billy W. Nievar". The signature is written in a cursive, flowing style.

Billy W. Nievar P.E.

KB: 3127

DF: 3125

GL: 3116

Chaparral Energy, L.L.C.

Well: WDQSU #36 , #36 , 4087.01
 Operator: CELLC
 Location: 2310 FSL 660 FEL
 Legal: Sec 31-24S-38E
 County: Lea, NM
 LAT/Long: /

Dir:

Spud Date: 11/06/52
 Drilling Finished:
 Completion Date: 11/28/52
 First Production:

TUBING #1:

Type	#Jts	Size	Wt#/f	Grade	Set@
Cement Line	112	2-3/8	4.7		3478

HISTORY:

11-6-1952: Spudded as the J.B. McGhee No. 3 by the Texas Company. Set 7.0" casing at 3,670' and cmt'd w/ 1400 sx. Completed openhole 3670'-3,752'.

2-9-1956: Frac openhole with 20,000gal oil and 20000 lb sand.

6-16-1959: Perf &.0" 3584-3600', 3605-3615', 3617-3631', 3633-3647'. With Bridge plug at 3657 frac w/ 30,000 gal refined oil and 2000 lb crushed moth balls.

1-1-1963: Well was unitized and became the WDQSU No. 36

2-8-1988: Deepen to 3950' set 4 1/2" csg, Cmt w/ 600sx cmt circulated to surface.

2-16-88: Perf 3671-74, 78-82, 3701-10, 20-26, 42-45 (3spf)

2-19-88: Perf 3574-82, 90-95, 3597-3605, 11-19, 24-35, 40-46, 48-52 (3spf) Set injection packer @ 3472'.

3-23-93: Clean out fill to 3,872', and acidize with 2500 gal 15% NEFE. Set injection packer @ 3,511.08.

11-1-2003: Chaparral became operator of the WDQSU.

6-2008: Cut 4-1/2", 7.0, and 9-5/8" csqs at 8' BGL and replaced. Ran injection packer back on 112 jts of injection tubing set at 3,478'.

9-30--2009: Pump 27 bbls Produced water at rate of 0.64 bpm down well. Opsi on csg.

Attachment B

Input by: Traci-BWN
 Approved by:
 Last Update: 1/29/2014

Size:12-1/4

9-5/8 ,32 #, @328 ,300 sx

TOC@ 1262'

Size:8-3/4

Packer@3478

Size:6-1/8
 OPBTD: 3872'

TD: 3969

4-1/2" AD1 15K Tension

3574	-3582	Queen	3
3590	-3595	Queen	3
3597	-3605	Queen	3
3611	-3619	Queen	3
3624	-3635	Queen	3
3640	-3646	Queen	3
3648	-3652	Queen	3
3671	-3674	Queen	
3678	-3682	Queen	
3701	-3710	Queen	
7	,20	#,	@3670 ,1400sx
3720	-3726	Queen	
3742	-3745	Queen	

4-1/2 ,10.5 #, @3950 ,600 sx

March 29, 1993

CHRONOLOGICAL WELL REPORT

PAGE: 1
G8MH

OXY USA INC., WEST DOLLARHIDE QUEEN SAND UNIT 36
LEA, NM WSN: 1402900

Attachment B

- 3/23/93 PR OPNS: RIH W/ BIT & SCRAPER;
FORM: QUEEN SAND;
PBTD 3,872; MTD 3,969; PERFS(MD) 3,574; - 3,745; --- FIRST REPORT ---;
COMP FLUID PROIR INJ: 291 BWPD @ 1293 #.
NON-COMPLIANCE DUE TO TBG LEAK. STATE APPR PRESS 1495 #.;
CASING 7; @ 3,670; CSG LNR SZ 4.5; CSG LNR BTM 3,969;
ACTIVITY DETAIL:
NOTIFIED NMOC. DUG W/O PIT. MIRU DA & S WELL SERV RIG. TBG
PRESS 300 #. CSG PRESS 0 #. BLED PRESS TO PIT. ND WH. NU
BOP. REL INJ PKR. POOH W/ 111 JTS 2 3/8" 8RD PC TBG & PKR.
RIH W/ 3 3/4" RB, BIT SUB, 6- 3 1/2" DC'S, BHA LENGTH
181.83' ON 120 JTS 2 3/8" WS TBG (OXY'S). TAGGED @ 3854'.
RU POWER SWIVEL. C/O 18' OF FILL TO PBTD @ 3872. CHC.
RETURNS OF IRON SULFIDE SCALE. RD POWER SWIVEL. POOH. SION.
CMIC FLEMING; DAILY COST \$ 3,029; CUM COST \$ 3,029;
- 3/24/93 PR OPNS: POOH, LAY DOWN WS TBG & PKR.;
FORM: QUEEN SAND;
PBTD 3,872; MTD 3,969; PERFS(MD) 3,574; - 3,745;
COMP FLUID PROIR INJ: 291 BWPD @ 1293 #.
NON-COMPLIANCE DUE TO TBG LEAK. STATE APPR PRESS 1495 #.;
CASING 7; @ 3,670; CSG LNR SZ 4.5; CSG LNR BTM 3,969;
ACTIVITY DETAIL:
RIH W/ 3 3/4" RB & 4 1/2" CS & 6- 3 1/2" DC'S ON 120 JOINTS
2 3/8" WS TBG. TAG @ 3872', PBTD. CHC. POOH LAYED DOWN BHA.
RIH W/ 4 1/2" BAKER MODEL- D TREATING PKR ON 114 JOINTS OF
2 3/8" WS TBG. SET PKR @ 3529', RU SERFCO CO. PRESS CSG
TO 500 #, HELD-OK. ACIDIZED QUEEN PERF (3574'-3745')
W/ 2500 GALS 15 % HCL ACID IN 3 STAGES. PUMPED 400 GALS
GELLED 10 # BRINE CARRYING 400 # ROCK SALT BETWEEN EACH
STAGE. FLUSH W/ 18 BBLs PRODUCED WTR TO BOTTOM PERFS.
BLOCK # 1, 650 # INC IN PRESS. BLOCK # 2, 360 # INC IN PRESS
MAX PRESS: 4000 #, MIN PRESS: 1100 #, AIR 4 BPM.
ISIP: 1280 #, 5 MIN:1100 #, 10 MIN:1080 #, 15MIN: 1060 #.
103 BLWTR. NOTE: PRESS ON CSG INC. INDICATES TBG OR PKR
LEAK. RD SERFCO. SI WELL FOR 1 HR. OPEN WELL TO T.T. 700 #
TBG PRESS. WELL BACKFLOWED 0 BO & 177 BW IN 4 1/2 HRS. LAST
HR FLOWED 0 BO & 33 BW. REC ALL OF LOAD. SION.
CMIC STINSON; DAILY COST \$ 5,534; CUM COST \$ 8,563;
- 3/25/93 PR OPNS: PUT WELL ON INJ;
FORM: QUEEN SAND;
PBTD 3,872; MTD 3,969; PERFS(MD) 3,574; - 3,745;
COMP FLUID PROIR INJ: 291 BWPD @ 1293 #.
NON-COMPLIANCE DUE TO TBG LEAK. STATE APPR PRESS 1495 #.;
CASING 7; @ 3,670; CSG LNR SZ 4.5; CSG LNR BTM 3,969;
ACTIVITY DETAIL:
14 HR SITP 525 #. SICP 250 #. BLED PRESS TO TT. REL PKR.

March 29, 1993

CHRONOLOGICAL WELL REPORT

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G8MH

OXY USA INC., WEST DOLLARHIDE QUEEN SAND UNIT 36
LEA, NM WSN: 1402900

Attachment B

POOH LAYING DOWN 2 3/8" WS & PKR. RU TBG TESTERS. RIH W/
INJ TBG AS FOLLOWS:
1- 4 1/2 X 2 3/8 BAKER AD-1 NICKEL PLATED PKR 2.75
1- 2 3/8" PC SN 1.10
113 JTS 2 3/8" 8RD 4.7 # J-55 PC TBG 3497.23
TP 3501.08
KB 10.00
SET @ 3511.08

TESTED TBG TO 5000 #, ABOVE SLIPS, NO LEAKS. RU PUMP TRUCK
MIXED 55 GALS EXXON PACKER FLUID IN 100 BBLs FW. CIRC HOLE
W/ PACKER FLUID, ND BOP, SET PKR @ 3511.08 W/ 15 PTS COMP.
NU WH, PRESS CSG TO 325 #, RUN 15 MIN INTEGRITY TEST,
HELD-OK. NOTIFIED NMOC, DIDN'T WITNESS TESTING. RD PUMP
TRUCK, RD PU. SION.
CMIC STINSON & FLEMING; DAILY COST \$ 3,357; CUM COST \$ 11,920;

3/26/93 PR OPNS: INJECTING WATER;
FORM: QUEEN SAND;
PBTD 3,872; MTD 3,969; PERFS(MD) 3,574; - 3,745;
COMP FLUID PROIR INJ: 291 BWPD @ 1293 #.
NON-COMPLIANCE DUE TO TBG LEAK. STATE APPR PRESS 1495 #.;
CASING 7; @ 3,670; CSG LNR SZ 4.5; CSG LNR BTM 3,969;
ACTIVITY DETAIL:
PUT WELL ON INJECTION. 275 BBLs/ DAY. WELLHEAD PRESS 0 #.
CMIC ZUNIGA; CUM COST \$ 11,920;

3/27/93 PR OPNS: INJECTING WATER;
FORM: QUEEN SAND;
PBTD 3,872; MTD 3,969; PERFS(MD) 3,574; - 3,745;
COMP FLUID PROIR INJ: 291 BWPD @ 1293 #.
NON-COMPLIANCE DUE TO TBG LEAK. STATE APPR PRESS 1495 #.;
CASING 7; @ 3,670; CSG LNR SZ 4.5; CSG LNR BTM 3,969;
ACTIVITY DETAIL:
INJECTED 399 BBLs / 24 HRS. WELLHEAD PRESS 0 #.
CMIC ZUNIGA; CUM COST \$ 11,920;

3/28/93 PR OPNS: COMPLETE;
FORM: QUEEN SAND;
PBTD 3,872; MTD 3,969; PERFS(MD) 3,574; - 3,745; FINAL REPORT.;
COMP FLUID PROIR INJ: 291 BWPD @ 1293 #.
NON-COMPLIANCE DUE TO TBG LEAK. STATE APPR PRESS 1495 #.;
CASING 7; @ 3,670; CSG LNR SZ 4.5; CSG LNR BTM 3,969;
ACTIVITY DETAIL:
INJECTING INTO QUEEN FORMATION 413 BBLs OF WATER PER 24 HRS
INJECTION PRESS @ WELLHEAD: 1250 #.
FINAL REPORT:
CMIC ZUNIGA; CUM COST \$ 11,920;

WDQSU #36
Sec 31-24S-38E
Lea, NM

Attachment B

WELL HISTORY

02/08/88 Deepen to TD of 3950'. Ran 99 joints of 4-1/2" 10.5# casing to 3950'. Cemented with 400 sx Halliburton Light with 1/4# flocele and 0.5% CFR-3, tailed with 200 sx Class C with 10# microbond and 0.2% Halad-4. Circ 58 sx.

02/22/88 Ran 113 joints 2-3/8" IPC tubing to 3469'. Set Baker Model AD1 Packer at 3472'. Circ packer fluid and tested packer to 500# for 30 min.

11/04/89 Dig workover pit and fence pit.

11/10/89 RU coil tubing unit and water truck and jet tubing and casing clean with Hydrojet to TD. Got iron sulfide and sand in returns. Put well on injection of 350 BWPD at 1200#.

11/13/89 RU kill truck and acidize well with 6 bbls 15% NEFE acid and flush with 30 bbls fresh water. SI for 30 min. Open well to pit and backflow until it was clean. Put back on injection.

09/14/92 MIRU. Ran packer leakage test for 30 min at 570 psi, held ok. RD.

03/23/93 RIH with bit and scraper.

03/24/93 POOH lad down tubing and packer.

03/25/93 Put well on injection.

03/26/93 Injecting water.

06/02/08 RU. ND WH. NU BOP. Release AD-1 pkr. Set tbq weight on slips & csg collapsed. ND BOP. Cut off 4 1/2" level w/top of head to set slips. POOH w/112 jts 2 3/8" PCT w/seals & AD-1 pkr. Find hole in last jt. RIH on 29 jts (900'+). Set & release, flow stopped. POOH & dump a sack of sand. SDFN.

06/03/08 Dug dwn to expose 7" & 9 5/8" csg, it is too deep to be safe. Fill back in run 1 std @ a time & LD 2 jts. RD unit. Move tbq mat board. Dig out csg so welder can work, found hole in 9 5/8". Cut 9 5/8", 8' deep. Cut 7" 6' deep & cut 4 1/2", 3' deep. Weld new piece of 4 1/2". SDFN.

06/04/08 Weld on 7" csg. Weld on 9 5/8" csg. Weld on 9 5/8" to 7" WH & set slips. Weld on 7" to 4 1/2" csg head & set slips. Coat & tape up to 7" WH, back fill around WH. RU derrick, pick up 4 1/2" AD-1 tension pkr & 1 jt. Run past weld in 4 1/2" csg. Set & pull 20000# tension. Hammer up 9 5/8" & 7" csg head nuts. Coat & tape up to 7" WH. LD pkr. Cut 4 1/2" & weld on bell nipple. Make up 4 1/2" to 2 3/8" WH. Put pkr on 4' x 2 3/8" sub & set in top of 4 1/2" csg. Run chart, test good. LD pkr. Coat & tape all way up 4 1/2" csg head & back fill. Set mat for tbq. SDFN.

06/05/08 Put on BOP. PU & run retrieving tool & 29 jts 2 3/8" tbq. Wash sand off RBP. Catch & release RBP & POOH, LD tbq & RBP. Had to SD because of high winds.

06/06/08 PU & RIH w/coated 4 1/2" x 2 3/8" AD1 tension pkr & 112 jts, leave tbq hanging. Crew did not have enough time to finish today, also had to wait on technician to run this cement lined pipe w/seal rings in collars. There was too much scale in the tbq to hydrotest.

06/07-08/08 SDFWE.

06/09/08 0# on well. 0 strip off BOP. Set pkr w/15000# tension. Flange up well & run 30 mins chart, test good. Unflange. Release pkr. Circ pkr fluid. Reset pkr w/15000# tension, flange up. Run another 30 mins chart, test good. RDMO, clean loc.

09/30/09 RU pmp truck on tbq & pmp 27 bbls PW dwn tbq @ rate of .64 BPM. Monitoring csg pressure all time. CP 0#.