



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Harrison H. Schmitt
Cabinet Secretary-Designate

J. Daniel Sanchez
Acting Division Director
Oil Conservation Division



January 21, 2011

Mr. David P. Spencer
Chaparral Resources, L.L.C.
701 Cedar Lake Blvd.
Oklahoma City, OK 73114

RE: Houston "A" Well No. 1, 30-025-07202, SWD-576

Unit Letter L, Section 19, Township 12 South, Range 38 East, Lea County, New Mexico

The Division has received your request for the subject disposal well, to extend the limiting allowable "continuous one year period of non-injection" per NMAC 19.15.26.12 C.(1).

The Division finds this request in "good cause shown" and this relief will not impair correlative rights, cause waste, or harm the environment.

This request being submitted under provisions of NMAC 19.15.26.12 C.(2), and for the reasons stated, the current allowable period of non-injection, is hereby extended for an additional 6 months.

Please note this relief only applies to the current "inactive" period for this well. Future inactive periods, if continuous and more than one year in length, will result "*ipso facto*" in an expired permit.

Sincerely,



J. Daniel Sanchez
Acting Director

cc: Oil Conservation Division – Hobbs
Files: API No. 30-025-07202, SWD-576



Chaparral Resources, L.L.C.

January 14, 2011

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2011 JAN 20 P 12:42

Acting Division Director Mr. Daniel Sanchez
New Mexico Energy, Minerals and Natural Resources Department
New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Re: Lease Name: Houston "A"
Well No.: 1
API No.: 30-025-07202
Injection Permit No.: SWD 576
Location: Unit Letter L, Section 19-T12S-R38E
Lea County, New Mexico

Dear Acting Division Director Sanchez:

Now that Chaparral Resources, L.L.C. has finally been named the official operator of the referenced well, we are re-sending this letter (original dated January 3, 2011) requesting an extension of the injection permit for the referenced well. Chaparral Resources, L.L.C. has been working to take over operation of this well since February 2010. We have been negotiating with Mikal Altomare concerning an Agreed Compliance Order for this operation, which you have also been involved with from time-to-time.

To further complicate matters the previous operator Purvis Operating Company only reported injection into this well until they resigned as operator in February 2010. There has been no subsequent injection that we are aware of since then and the referenced injection permit is in danger of lapsing because of the one-year non-injection rule. Because Chaparral Resources has not been able to formally assume operation of this well until this time, there have been no subsequent reports of injection since then.

We will begin operating this well as a disposal well after testing the well and hooking the well back to new pipelines to be lain shortly. Reporting of injection will begin at that time.

Therefore we again request that you extend this permit so that the economic operations of our sister company, Chaparral Energy, L.L.C. wells can begin quickly. We look forward to a long and compliant relationship with the Division. If you have any questions, or need more data contact us at the address listed.

Acting Director Daniel Sanchez
January 14, 2011
Page 2 of 2

Sincerely,
Chaparral Resources, L.L.C.



David P. Spencer
Manager of Regulatory Affairs
Direct Number: (405) 426-4397
Direct Fax: (405) 425-8897
E-Mail: david.spencer@chaparralenergy.com

cc: Mr. Richard Ezeanyim, Injection Permitting Section, NMOCD, Santa Fe, New Mexico
Mr. Will Jones, Injection Permitting Section, NMOCD, Santa Fe, New Mexico ✓
Mr. David Carlson, Chaparral Resources, L.L.C., Oklahoma City, Oklahoma

Jones, William V., EMNRD

From: Sanchez, Daniel J., EMNRD
Sent: Thursday, January 20, 2011 3:49 PM
To: Jones, William V., EMNRD
Subject: FW: Houston A #1 - Permit # SWD 576

Will,

Here is the e-mail from Chaparral. Unless you have any other issues, I think we are good to go. Thanks.

Daniel

From: David Spencer [<mailto:david.spencer@chaparralenergy.com>]
Sent: Thursday, January 20, 2011 3:04 PM
To: Sanchez, Daniel J., EMNRD
Subject: Houston A #1 - Permit # SWD 576

Per our conversation today, there have been no new wells drilled in the area of review, since the last permit was issued for this well. All remains the same and after Chaparral Resources, L.L.C. cleans up the area it should be in better environmental state than ever before.

David Spencer
Manager of Regulatory Affairs
Chaparral Energy, L.L.C.
701 Cedar Lake Blvd.
Oklahoma City, Oklahoma 73114
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Direct Fax (405) 425-8897