



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division

Response Required – Deadline Enclosed

*Oil Conservation Program
Preserving the Integrity of Our Environment*

24-Aug-11

CHAPARRAL RESOURCES LLC
701 CEDAR LAKE BLVD.
OKLAHOMA CITY OK 73114

LETTER OF VIOLATION - Inspection

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date(s) indicated.

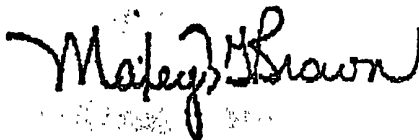
Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility

INSPECTION DETAIL SECTION

HOUSTON A No.001		L-19-12S-38E		30-025-07202-00-00		
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
08/24/2011	Routine/Periodic	Maxey Brown	Yes	No	11/27/2011	iMGB1123658612
Violations						
Absent Well Identification Signs (Rule 103)						
Comments on Inspection: NO Well Sign (Rule 19 15 16 8) UNABLE TO FIND WELL SIGN NEED TO INSTALL SIGN ALSO VERIFY 5" VAC ON CASING GAUGE IF CORRECT SHUT IN WELL FOR REPAIRS PLEASE CONTACT E.L. GONZALES DIST 1 ACTING SUPERVISOR (575-393-6161 EXT 114) AFTER CHECKING WELL RECORDS FOR PACKER SETTING DEPTH. PACKER SHOWS TO BE GREATER THAN THE 100' ABOVE TOP PERFERATION, TO BE IN COMPLIANCE IT MUST BE LESS THAN 100'						

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

Sincerely,

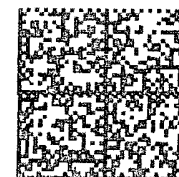


COMPLIANCE OFFICER

Hobbs OCD District Office

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data
*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



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08/25/11
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701 CEDAR LAKE BLVD.
OKLAHOMA CITY OK 73114