

Chaparral Resources, L.L.C.

October 25, 2011

RECEIVED OCD

2011 OCT 27 P 11:50

Engineering Bureau – Attention: Will Jones
New Mexico Energy, Minerals and Natural Resources Department
New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Re: Packer Depth Exception Request
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 Mr. Jones:

Chaparral Resources, L.L.C. is requesting that an exception be granted to the packer setting depth for injection into the referenced well. When Chaparral took over operation of the well we had heard many stories concerning the physical conditions within the wellbore from the previous operator's (Purvis) engineer.

Recently, upon inspection by Compliance Officer Brown of District I, the well appeared to have lost mechanical integrity, as there was a slight vacuum on the annulus. When Chaparral rigged up over the hole the decision was made to pull out all the existing tubing and the injection packer so that it could be inspected.

What Chaparral found was that when we removed the current injection tubing and packer, the packer was setting at approximately 11726'. We also pounded bottom at 11733' which we subsequently learned was the top of a stuck LokSet packer. One of the previous operators had attempted to pull this packer and had stuck it so badly they ruined the On/Off tool trying to fish it. This packer is going nowhere!

Now comes Chaparral and requests that we be allowed to set the current injection packer at 11,703'. The perforations for injection in the well are 11875' to 11,910'. This would make the packer be some 172' above the injection interval, but only 30' above the stuck LokSet packer at 11733'. We have enclosed a wellbore diagram (induplicate) as the well is currently configured. With Casing, Tubing, and pertinent tops-of-cement listed along with a brief well history.

Mr. Will Jones
October 25, 2011
Page 2 of 2

Evidently, this has been the injection set up for years. All Chaparral is trying to do is make this legal and let the Conservation Division know about the issue. If you have any questions, or need more data contact us at the address listed.

Sincerely,
Chaparral Resources, L.L.C.

A handwritten signature in black ink, appearing to read "David P. Spencer". The signature is fluid and cursive, with the first name "David" being the most prominent.

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. David Carlson, Chaparral Resources, L.L.C., Oklahoma City, Oklahoma
Mr. "EL" Gonzales, NMOCD District I, Hobbs, New Mexico

KB:

DF: 3886

GL: 3874

Chaparral Energy, L.L.C.

Well: Houston "A" , 1 , 0250720

Operator: Chaparral Resources, L.L.C.

Location: 2310' FSL & 330' FWL, Lea Co., N

Legal: Unit Ltr L, Sec. 19-12S-38E

County: Lea, NM

LAT/Long: 33.26323238 / -104.1441943

Dir:

Spud Date: 08/03/53

Drilling Finished: 11/17/53

Completion Date:

First Production: 11/19/53

TUBING #1:

Type	#Jts	Size	Wt#/f	Grade	Set@
Disposal	369	2 3/8"	4.7		11726'

HISTORY:

Top of Devonian @ 11871

11874 - 11890 Devonian perfs 10/58 64 holes
 11874 - 11890 Devonian perfs 7/59 sqz'd 200 sxs
 11875 - 11885 Devonian perfs 7/59 20 holes
 11890 - 11910 Devonian perfs 2/95 88 holes

09/87- Well was P&A'd in 1987.

Perf @ 4524' - 2 holes sqz'd when plugged in 1987 w/ 50 sxs.

During plugging in 1987 perf 342' 4 holes circ cmt to surface. Between 7" and 9 5/8" and 13 3/8" noted cement between strings when rigging up well head to drill out P&A'd well.

01/06/95 - Began drilling out plugged well.

05/97 - C-103 filed with the State of NM to propose the following perfs: 9398'-9404', 9410'-9416', 9420'-9424', 9431'-9437', 9452'-9456', 9466'-9470', 9472'-9476', 9485'-9489', 9492'-9496', 9501'-9507', 9526'-9532' & 9536'-9542'. No record in well file that verifies the perfs were actually shot. Packer stuck @ 11733', Lockset w/on off tool on top.

06/07/07 - Workover report indicates bad place in csg @ 5988', ran inspection log from 5500'-6500' which showed bad place in casing @ 5973'. During the P&A in 1987 the original plugging data indicated a 100 sx cmt plug was placed inside the 7" csg from 5,988' - 5,709'. When this part of the 7" csg was drilled out there was no indication of a casing leak.

06/29/07 - Last record in well file of tbq & pkr: Ran 2 3/8" x 2' muleshoe it on btm of 7" nickel plated 7" Arrowset pkr w/on-off tool & 2.25" profile nipple. Ran 215 jts L-80 fiberlined 2 7/8" tbq (6672.15'), 157 jts L-80 Tuboscope TK lined 2 7/8" tbq, 8' & 4' subs (5008.42'). Set pkr @ 11726'.

10/24/11 - Pulled 2 7/8" tbq & packer (tag old lock set packer @ 11733' with bit) ran test packer to 11703'. Annules tested OK. Laid down old injection tbq. Installed new 2 3/8" IPC injection tbq. Arrowset 1-X packer @ 11703' w/on off tool. Filled annules with inhibited 2% KCL water (packer fluid).

Input by: Shelly

Approved by:

Last Update: 10/24/11

Size: 17 1/2

324 -324 Sqz'd w/100 sx 4
 13 3/8", 36 #, @324', 355 sx

Cmt from 324'- surf btw 7" & 9 5/8" & 13 3/8"

9 5/8" Cal.TOC above DV tool @ 1733'

9 5/8" DV tool @ 2298' cmt'd w/150 sxs

Cal. TOC above 9 5/8" csg shoe @ 2525'

9 5/8" , 36/40 #, @4514' , 540 sx
 4524 -4524 Sqz'd w/50 sxs

Possible Bad csg @ 5973'

7" TOC est @ 7700'

9398 -9542 Proposed 05/87
 9301 -9541 Csg leak sqz'd

7" Lockset Pkr stuck @ 11,733'
 BP or junk @ 11912'

7" lockset, stuck
 7" Arrowset, nickel plated @ 11,703'
 11874 -11890 Devonian 10/58
 11874 -11890 Sqz'd w/200 sx
 11875 -11885 Devonian 07/59
 11890 -11910 Devonian 02/95
 7" , 23/26 #, @11921', 630 sx

Packer@11703
 Packer@11733
 OPBTD: 11912'

TD: 11960

Jones, William V., EMNRD

From: David Spencer [david.spencer@chaparralenergy.com]
Sent: Thursday, October 27, 2011 3:26 PM
To: Jones, William V., EMNRD
Subject: FW: Chaparral Resources High Packer Setting Exception Request
Attachments: 20111027162150783.pdf

Importance: High

Will - Help! We are hold on about 35 BOPD production awaiting your approval of the high packer setting depth. EL Gonzales in District I says if we can get a waiver from you he will allow us to inject. Well passed a witnessed MIT on 10-25-2011.

Thanks for your efforts.

David Spencer
Manager of Regulatory Affairs
Chaparral Energy, L.L.C.
701 Cedar Lake Blvd.
Oklahoma City, Oklahoma 73114
Direct Phone (405) 426-4397
Direct Fax (405) 425-8897
Cell Phone (405) 301-6851

-----Original Message-----

From: Jane Kitchens [<mailto:jane.kitchens@chaparralenergy.com>]
Sent: Thursday, October 27, 2011 3:22 PM
To: David Spencer
Subject:

This E-mail was sent from "RNPB9BC42" (C4540).

Scan Date: 10.27.2011 16:21:50 (-0400)
Queries to: scan@chaparralenergy.com

FAX

RECEIVED OCD

To: Will Jones

2011 OCT 28 A 10: 50

Company:

Fax: 15054763462

Phone:

From: David P. Spencer

Fax: 405-425-8897

Phone: 405-426-4397

E-mail: david.spencer@chaparralenergy.com

NOTES:

Per our conversations.

Date and time of transmission: Friday, October 28, 2011 11:48:08 AM
Number of pages including this cover sheet: 03

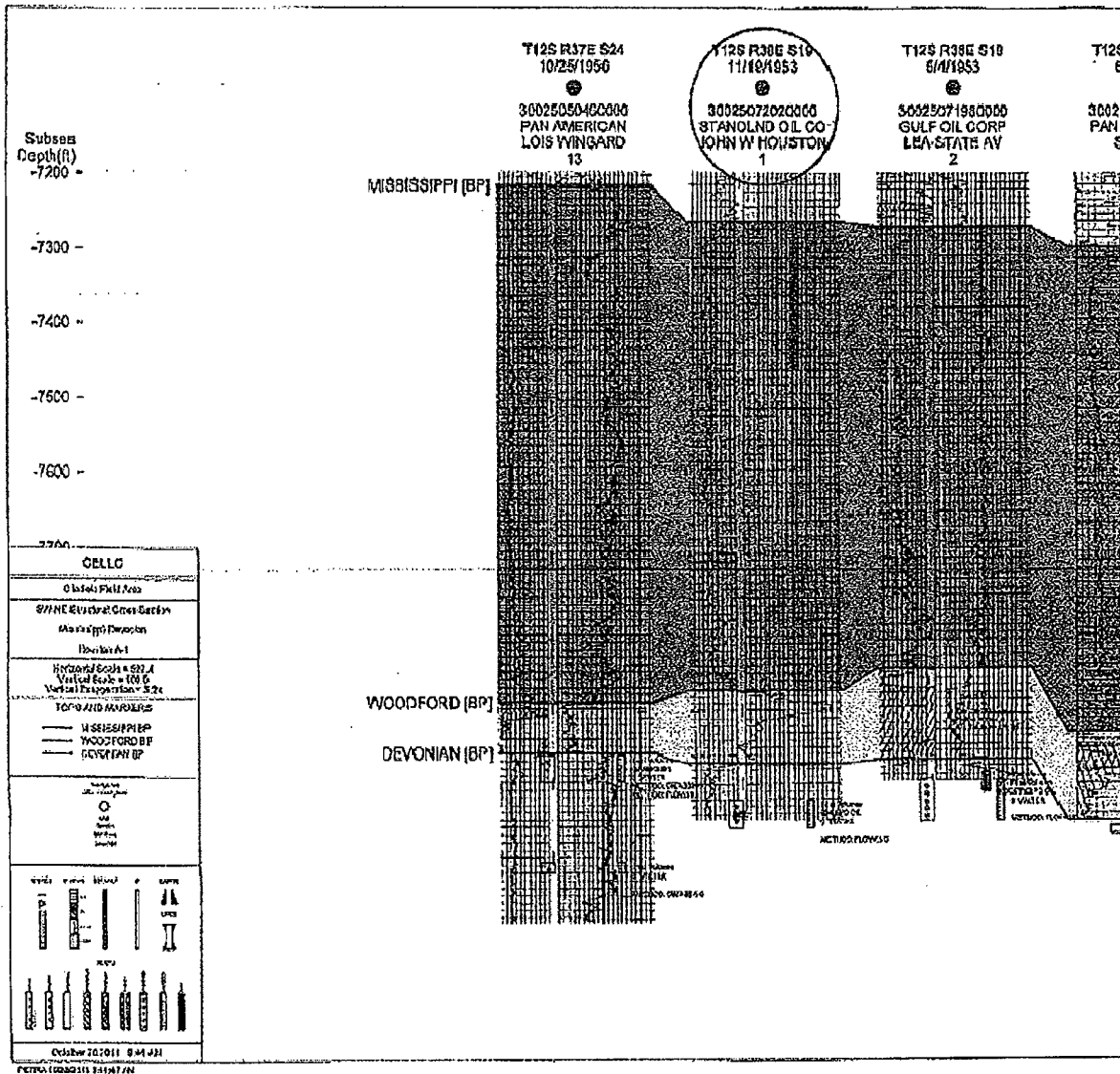
David Spencer

From: David Spencer
Sent: Friday, October 28, 2011 11:36 AM
To: 'william.v.jones@state.nm.us'
Subject: Houston A-1 Packer Problem

David - Attached is a scanned copy of a Cross-Section of several wells surrounding and including the John Houston #1 (2nd well from left to right), which I believe is also the #1A disposal well. The top of the Woodford/Base of Mississippi is at -7887 (measured depth of 11,771'). If the packer is set somewhere directly above that, it would be located in the lower Mississippi. Although the Houston #1A only has a gamma log, the surrounding Neutron logs would suggest there is no commercially producible hydrocarbons in this section of lower Mississippi. This section should contain primarily non porous and non permeable "tight" limestone and limey shales. As far as I am aware, the only productive Mississippi zones in the area would be from the upper Mississippi, 400'-600' above the base. This is reflected in the porosity zones you see at around -7500 and -7300' respectively. There is a porosity zone developed at -7688 to -7694 (measured depth of 11,573' to 11,579') in the southwest offset well (see cross-section) that may develop in the #1A. This zone would probably not be hydrocarbon bearing, but might produce water. Based on that, if the packer is set anywhere in the Mississippi below -7694 (measured depth of 11,579'), you should encounter only "tight" non porous limestone or shale.

Bryan Parks

Senior District Geologist



David Spencer
 Manager of Regulatory Affairs
 Chaparral Energy, L.L.C.
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Jones, William V., EMNRD

From: David Spencer [david.spencer@chaparralenergy.com]
Sent: Thursday, October 27, 2011 4:24 PM
To: Jones, William V., EMNRD
Subject: RE: Chaparral Resources High Packer Setting Exception Request

Ok I'll try to lasso them and get to you ASAP.

David Spencer
Manager of Regulatory Affairs
Chaparral Energy, L.L.C.
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Oklahoma City, Oklahoma 73114
Direct Phone (405) 426-4397
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Cell Phone (405) 301-6851

-----Original Message-----

From: Jones, William V., EMNRD [<mailto:William.V.Jones@state.nm.us>]
Sent: Thursday, October 27, 2011 5:23 PM
To: David Spencer
Subject: RE: Chaparral Resources High Packer Setting Exception Request

If the geologist can use offsetting wells for the Woodford top and possible Miss log evaluation??



-----Original Message-----

From: David Spencer [<mailto:david.spencer@chaparralenergy.com>]
Sent: Thursday, October 27, 2011 4:15 PM
To: Jones, William V., EMNRD
Cc: Ezeanyim, Richard, EMNRD; Gonzales, Elidio L, EMNRD
Subject: RE: Chaparral Resources High Packer Setting Exception Request

Will - We have no logs in our files. I don't know whether Purvis Operating the previous operator ever ran any.
Now what?

David Spencer
Manager of Regulatory Affairs
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Oklahoma City, Oklahoma 73114
Direct Phone (405) 426-4397
Direct Fax (405) 425-8897
Cell Phone (405) 301-6851

-----Original Message-----

From: Jones, William V., EMNRD [<mailto:William.V.Jones@state.nm.us>]
Sent: Thursday, October 27, 2011 5:12 PM
To: David Spencer

Cc: Ezeanyim, Richard, EMNRD; Gonzales, Elidio L, EMNRD
Subject: RE: Chaparral Resources High Packer Setting Exception Request

David,

Would you go through your well file and find available logs and copy and send to Hobbs OCD for scanning - there are no logs available on this well for us to look at.

Please ask your Geologist what is the top of the Woodford Shale in this area. If the 11703 feet new packer setting depth is above the Woodford, then also send a quick log evaluation or estimate of oil/gas producibility for the footage over the bottom of the Mississippian formation (directly on top of the Woodford).

Thank You,

Will Jones
New Mexico
Oil Conservation Division
Images Contacts

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