



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

July 30, 2004

Chaparral Energy, Inc.
Attn: Mr. Robert C. Lang IV
701 Cedar Lake Blvd.
Oklahoma City, Oklahoma
73114-7806

Smith & Mars, Inc.
Attn: Mr. Rickey Smith
P.O. Box 863
Kermit, Texas 79745

CERTIFIED MAIL

Re: Case No. 13061 (Re-Opened)
Application of the New Mexico Oil Conservation Division, through the Environmental Bureau Chief, for an Order Determining the Responsible Party or Parties and Ordering the Responsible Party or Parties to Complete and Perform an Abatement Plan Pursuant to OCD Rule 19; Lea County, New Mexico.

Gentlemen:

You are hereby notified that the New Mexico Oil Conservation Division has filed the referenced Application, a copy of which is enclosed herewith, seeking to re-open the referenced case to obtain an order directing Smith & Marrs, Inc. to comply with the Settlement Agreement previously entered into with respect to subsurface water pollution at the South Langlie Jal Unit in Lea County, New Mexico, and seeking civil penalties.

A hearing on this Application will take place before a Division hearing officer on Thursday, September 2, 2004, at 8:15 a.m., in Porter Hall, First Floor, 1220 South St. Francis Drive in Santa Fe, New Mexico. At that hearing you will have an opportunity to show cause why an order should not be entered as requested in the Application.

Should you have questions, you may contact the undersigned in the Santa Fe office of the Oil Conservation Division, at (505)-476-3450.

Very truly yours,

David K. Brooks
Assistant General Counsel

OCD Exhibit No. 32
Case No. 13061
September 2, 2004

cc: Ernest Padilla
Padilla Law Firm, P.A.
P.O.Box 2523
Santa Fe, NM 87504

cc: Mr. Gary Larson
Hinkle, Hensley, Shanor & Martin, LLP
P.O.Box 2068
Santa Fe, NM 87504-2068

ec: Mr. William C. Olson, OCD

CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

Article Sent To:

RECEIVED

Postage \$
 Certified Fee
 Return Receipt Fee (Endorsement Required)
 Restricted Delivery Fee (Endorsement Required)
 Total Postage & Fees \$4.65

AUG 2 2004
 OIL CONSERVATION DIVISION

Name (Please Print Clearly) (To be completed by addressee)
Smith & Mars, Inc.
 Attn: Mr. Rickey Smith
 P. O. Box 863
 Kermit, Texas 79745
 PS Form 3800, July 1999 See Reverse for Instructions

CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

Article Sent To:

RECEIVED

Postage \$
 Certified Fee
 Return Receipt Fee (Endorsement Required)
 Restricted Delivery Fee (Endorsement Required)
 Total Postage & Fees \$4.65

AUG 2 2004
 OIL CONSERVATION DIVISION

Name (Please Print Clearly) (To be completed by addressee)
Chaparral Energy, Inc.
 Attn: Robert C. Lang IV
 701 Cedar Lake Blvd.
 Oklahoma City, OK 73114-7806
 PS Form 3800, July 1999 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Smith & Mars, Inc.
 Attn: Mr. Rickey Smith
 P. O. Box 863
 Kermit, Texas 79745

COMPLETE THIS SECTION ON DELIVERY

- A. Signature Agent Addressee
Jarvis Jennings
 B. Received by (Printed Name) C. Date of Delivery
Jarvis Jennings AUG 0 5 2004
 D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
 4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Transfer from service label) **7099 3220 0009 7873 1551**

PS Form 3811, August 2001 Domestic Return Receipt **OCB 102595-02-M-1540 08 13061**

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
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Chaparral Energy, Inc.
 Attn: Mr. Robert C. Lang IV
 701 Cedar Lake Blvd.
 Oklahoma City, OK 73114-7806

COMPLETE THIS SECTION ON DELIVERY

- A. Signature Agent Addressee
Kelli Wither
 B. Received by (Printed Name) C. Date of Delivery
 D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
 4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Transfer from service label) **7099 3220 0009 7873 1568**

PS Form 3811, August 2001 Domestic Return Receipt **OCB 102595-02-M-1540 08 13061**

(Domestic Mail Only; No Insurance Coverage Provided)

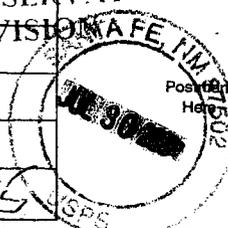
(Domestic Mail Only; No Insurance Coverage Provided)

Article Sent To:

AUG 02 2004

Postage

OIL CONSERVATION
DIVISION



Certified Fee
Return Receipt Fee (Endorsement Required)
Restricted Delivery Fee (Endorsement Required)
Total Postage & Fees

\$ 4.65

Name (Please Print Clearly) (To be completed by mailer)

Gary Larson

Hinkle, Hensley, Shanor & Martin, LLP

P. O. Box 2068

Santa Fe, NM 87504-2068

PS Form 3800, July 1999

See Reverse for Instructions

RECEIVED

Postage

\$

AUG 02 2004

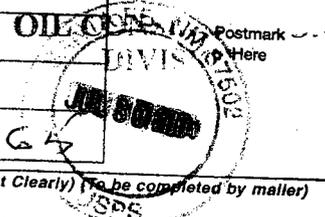
Certified Fee

Return Receipt Fee (Endorsement Required)

Restricted Delivery Fee (Endorsement Required)

Total Postage & Fees

\$ 4.65



Recipient's Name (Please Print Clearly) (To be completed by mailer)

Ernest Padilla

Padilla Law Firm, P.A.

P. O. Box 2523

Santa Fe, NM 87504

PS Form 3800, February 2000

See Reverse for Instructions

7000 0520 0021 6896 3102

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Gary Larson
Hinkle, Hensley, Shanor
& Martin, LLP
P. O. Box 2068
Santa Fe, NM 87504



2. Article Number

(Transfer from service label)

7099 3220 09 7873 1117

PS Form 3811, August 2001

Domestic Return Receipt

OCB DB 13061

102595-02-M-1540

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Santa Fe, NM 87504



2. Article Number

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7000 0520 0021 6896 3102

PS Form 3811, August 2001

Domestic Return Receipt

OCB DB 13061

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

[Signature]

Agent

Addressee

B. Received by (Printed Name)

Loch Maestas

C. Date of Delivery

D. Is delivery address different from item 1? Yes

If YES, enter delivery address below: No

AUG 05 2004

OIL CONSERVATION

3. Service Type

Certified Mail Express Mail

Registered

Return Receipt for Merchandise

Insured Mail

C.O.D.

4. Restricted Delivery? (Extra Fee)

Yes

COMPLETE THIS SECTION ON DELIVERY

A. Signature

[Signature]

Agent

Addressee

B. Received by (Printed Name)

ERNEST PADILLA

C. Date of Delivery

D. Is delivery address different from item 1? Yes

If YES, enter delivery address below: No

AUG 03 2004

OIL CONSERVATION
DIVISION

3. Service Type

Certified Mail Express Mail

Registered

Return Receipt for Merchandise

Insured Mail

C.O.D.

4. Restricted Delivery? (Extra Fee)

Yes