STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION COMMISSION

APPLICATION OF CHAPARRAL ENERGY, LLC FOR APPROVAL OF A SALT-WATER DISPOSAL WELL, LEA COUNTY, NEW MEXICO

CASE NO. 13695
ORDER NO. R-12616

APPLICANT CHAPARRAL ENERGY, L.L.C.'S PREHEARING STATEMENT

Pursuant to 19.15.14.1211.B(1) NMAC, applicant Chaparral Energy, L.L.C. ("Chaparral") submits its Prehearing Statement.

I. Parties

Chaparral is represented by the undersigned counsel, Gary W. Larson of the Santa Fe office of Hinkle, Hensley, Shanor & Martin, L.L.P.

II. Concise Statement of the Case

In August 2005, Chaparral submitted, for administrative approval, an application to convert a temporarily abandoned producing well known as the State K # 1-21 into an injection well. In its application, Chaparral proposed to inject and dispose of produced water into the San Andres formation at depths of 3,850 feet to 4,469 feet. The source of the produced water is a nearby Chaparral producing well known as the State K # 3-21.

On July 18, 2005, the Division received a letter of protest from the surface lessee, Weldon L. Dallas of Tatum, New Mexico. Consequently, on March 6, 2006, Chaparral requested that its application be placed on a hearing docket. Chaparral presented evidence in support of its application during Division hearings conducted on June 8, and July 6, 2006. Neither Mr. Dallas nor any other party appeared at the hearings.

On August 30, 2006, the Division Director entered an Order approving Chaparral's application to utilize its State K Well No. 1 (sic) to dispose of produced water into the San Andres formation through an open-hole formation from 3,850 feet to 4,469 feet, subject to certain stipulations pertaining to the proposed injection well. The Division Order requires Chaparral to perform remedial operations involving the abandonment of Chaparral's State "K" Well No. 2, with a design to isolate the injection interval from 3,850 feet to 4,469 feet, and the squeezing of cement behind pipe in Chaparral's State "K" Well No. 3.

In addition, the Division Order requires Chaparral to perform remedial operations on two other wells that it has never owned or operated. Specifically, the Order requires remedial operations be performed on the Bell "A" No. 1 well, which currently is operated by Phoenix Hydrocarbons, and if necessary, on the plugged and abandoned Bell "B" No. 1 well.

III. Chaparral's Witness

Chaparral's sole witness will be Ronald K. Brown, P.E., who is a professional engineer licensed in the State of Oklahoma. He serves as a Field Service Manager and Production Engineer for Chaparral. Mr. Brown provided both factual and expert testimony during the first Division hearing.

Mr. Brown will provide testimony before the Commission regarding (a) Chaparral's proposed use of the State K # 1-21 well for injection of produced water, (b) his analysis of the structural integrity of the proposed injection well, Chaparral's State K # 3-21 well, and the other wells that penetrate the injection zone within a one-half mile radius of the proposed injection well, (c) his analysis of the water in the source well (Chaparral's State K # 3-21) and in the fresh water wells within the area of review, (d) the absence of any potential impact on fresh water as a result of the

proposed injection and disposal of produced water, and (e) the Division's requirements that Chaparral perform remedial operations on the Bell "A" No. 1 and Bell "B" No. 1 wells.

IC. Chaparral's Case Presentation

Chaparral anticipates that it will take approximately one (1) hour to present its case. In accordance with 19.15.14.1211.B(2) NMAC, copies of the exhibits that Chaparral proposes to offer in evidence at the hearing are attached hereto as Exhibit A.

V. Unresolved Procedural Matters

Chaparral is not aware of any procedural matters that need to be resolved prior to the hearing.

HINKLE, HENSLEY, SHANOR & MARTIN, LLP

Gary W. Larson
Post Office Box 2068
Santa Fe, NM 87504-2068
505.982.4554

Attorney for Chaparral Energy, LLC

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION COMMISSION

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APPLICANT CHAPARRAL ENERGY, L.L.C.'S
PROPOSED HEARING EXHIBITS

The following lists the documents, all of which are attached hereto, that Applicant Chaparral Energy, LLC ("Chaparral") proposes to offer into evidence at the hearing in this matter:

Exhibit No. 1: Chaparral's application to utilize its State K #1-21 well for use as a produced water disposal well

Exhibit No. 2: Affidavit of Notice of Hearing

Exhibit No. 3: Supplemental Affidavit of Ronald K. Brown

Exhibit No. 4: Wellbore diagram of the Bell "A" No. 1 well operated by Phoenix Hydrocarbons

Exhibit No. 5: Chaparral's Supplementation of Hearing Record

Exhibit No. 6: Chaparral's Notice of Execution of Agreed Compliance Order

Exhibit No. 7: Division Order issued on August 30, 2006

EXHIBIT A

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
May 27, 2004

WELL API NO. 30-025-22049

5. Indicate Type of Lease STATE ☒ FEE ☐

6. State Oil & Gas Lease No. K-1763

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name: State "K"

1. Type of Well: Oil Well ☒ Gas Well ☐ Other

8. Well Number 1-21

2. Name of Operator: Chaparral Energy, LLC

9. OGRID Number 004115

3. Address of Operator: 701 Cedar Lake Blvd., OKC, OK 73114

10. Pool name or Wildcat: Bagley Penn, North Field

4. Well Location
Unit Letter K : 1980 feet from the South line and 1980 feet from the West line
Section 21 Township 11S Range 33E NMPM Lea County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
4258.3' GL, 4270' DR, 4271' RKB

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type____ Depth to Groundwater____ Distance from nearest fresh water well____ Distance from nearest surface water____

Pit Liner Thickness: ____ mil Below-Grade Tank: Volume ____ bbls; Construction Material ____

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	☐	PLUG AND ABANDON	☐	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☐	COMMENCE DRILLING OPNS.	☐	P AND A	☐
PULL OR ALTER CASING	☐	MULTIPLE COMPL	☐	CASING/CEMENT JOB	☐		
OTHER:	☐			OTHER: Temporarily Abandon	☒		

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Report for period 01/31/06 thru 02/15/06:

1. SICP 0#. NU BOP. Unload 97 jts 5 ½" 17# J-55 LT&C csg. RU WL. RIH w/3 1/8" HSC. Tag @ 3771'. Could not locate gun into cut-off 5 ½" csg @ 5771' POH w/perforating gun. TIH w/Arrowset I-X pkr (2 7/8" x 6' tbg sub & 2.313" XN nipple below pkr), x/overs & 94 jts 5 ½" csg. Set pkr in 8 5/8" csg @ 3722' w/20K tension. Load 5 ½" – 8 5/8" csg annulus w/100 bbl lse wtr to pressure test – communicated to surface. Pump 225 BW down 5 ½" csg. Establish injection rate 5 BPM @ 450#. ISDP 0#.
2. RU csg crew. Rel pkr & LD 94 jts 5 ½" csg, pkr & tailpipe assembly. Change pipe rams in BOP.
3. SICP 0#. TIH w/LokSet RBP ("H" valve) on 2 3/8" 4.7# N-80 8rd EUE tbg. Set RBP @ 3734'. TOH w/RBP retrieving tool. TIH w/P-1 tension set pkr on 2 3/8" tbg. Isolate leak in 8 5/8" csg @ 329' – 361' (circulates to surf). Remainder of csg testing to 500#.
4. SITP/SICP 0#. Rel pkr & TOH. Waiting on cement equipment.
5. SICP 0#. TIH w/P-1 tension set pkr & 6 jts 2 3/8" tbg. Set pkr @ 193' w/20K tension. Mix & pump 250 sxs expanding Class C cmt + 3% CC. Rec cmt returns to surf w/100 sxs pumped. Close surf csg valve & continue to pump – pressure increase to 600#. Open surf csg valve & continue to pump remainder of cmt. Displ cmt to 290'. SITP 400#.
6. SITP/SICP 0#. Rel pkr & TOH. Change rams in BOP. Prep to drill cmt. WOC to harden.
7. SICP 0#. TIH w/7.625" rock bit, 6 – 4" drill collars & 2 3/8" tbg. Tag cmt @ 289' Drld hard cmt to 367' & fell thru. Continue TIH w/bit & tag @ 3667'. Pressure test 8 5/8" csg to 500# for 30 min – ok. Clean out to 3698'. Circ clean.
8. SITP/SICP 0#. Wash sand to RBP @ 3734' & circ clean. TOH w/drill collars & bit. TIH w/RBP retrieving tool & 2 3/8" tbg. Latch onto RBP, release and POH w/RBP.
9. SICP 0#. TIH w/Arrowset I-X pkr, tbg seal divider (2.315" F profile) & 119 jts 2 7/8" 6.5# J-55 8rd EUE tbg. Set pkr @ 3722' w/12K tension. ND BOP/NU wellhead. Load csg w/2% KCl wtr & pressure to 560# for 37 min – ok. Release pressure, well TA'd.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Traci Cornish TITLE ENGINEERING TECH DATE 3-7-06

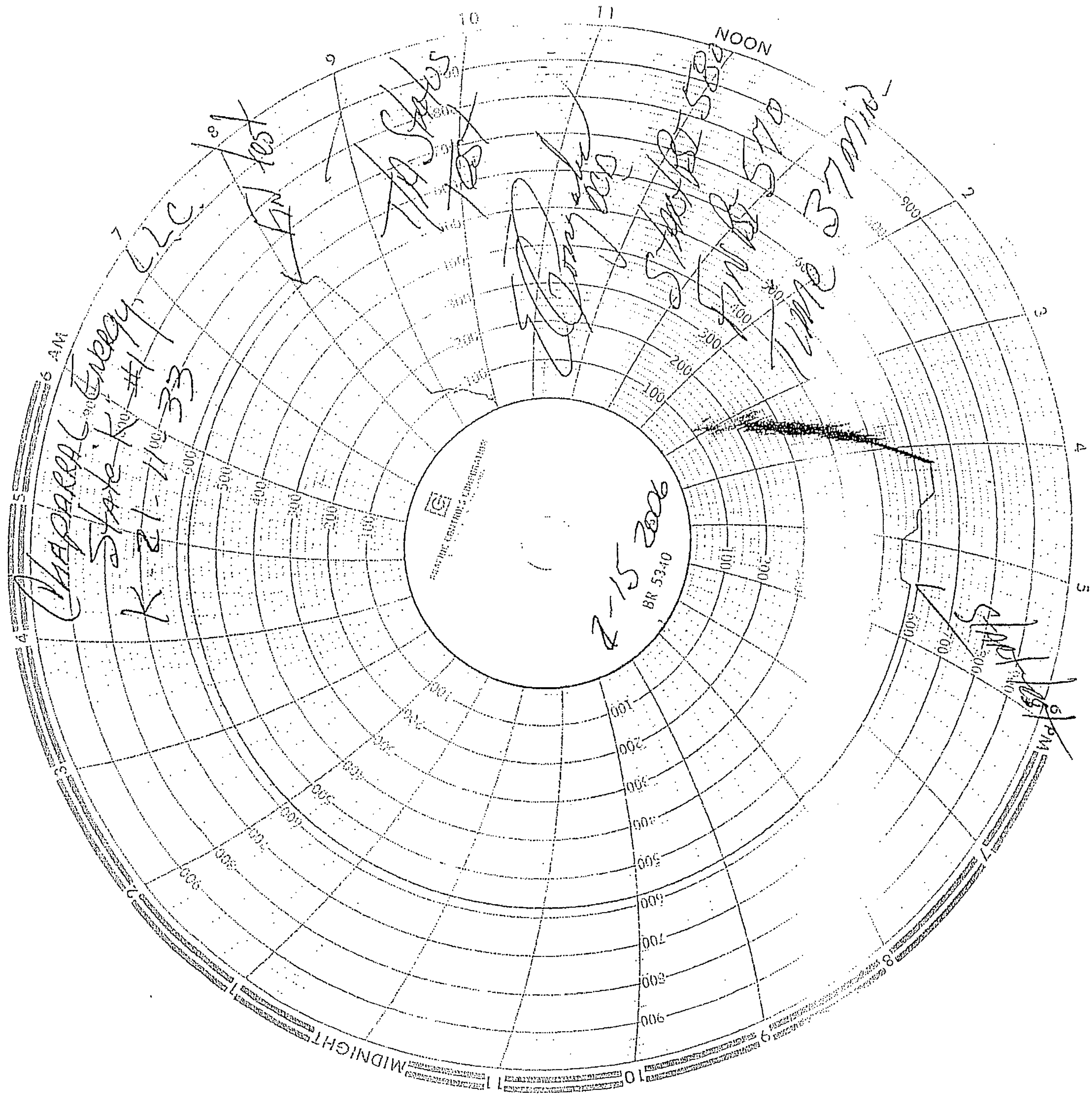
Type or print name Traci Cornish E-mail address: traci@chaparralenergy.com Telephone No. (405)478-8770

For State Use Only

APPROVED BY:____ TITLE____ DATE____

Conditions of Approval (if any):

COMMISSION CASE NO. 13695
CHAPARRAL EXHIBIT NO. 1


NOON
MIDNIGHT
BR 5340
Chaparral Energy, LLC.
State K #1
2-15 2006

Chaparral Energy, Inc.

August 10, 2005

State of New Mexico
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, NM 87505

Attn: Mr. William V. Jones, PE

Re: Form C-108
Application for Authorization to Inject
State K #1-21 Well
Lea Co., NM

Dear Mr. Jones:

Enclosed in duplicate is Form C-108, Application for Authorization to Inject, with the required attachments. Chaparral Energy, LLC, is requesting permission to convert the above well for use as a salt water disposal.

The required attachments are as follows:

- Area of Review map and tabulation
- Wellbore schematics of all wells which penetrate the injection zone within ½ mile
- Water Analysis of two fresh water wells within area of review
- Water Analysis of source well
- Affidavit of Publication
- Proof of Notice to offset operator and surface tenant

If you have questions or need further information regarding this project, please call me at (405) 426-4411, or email me at leighk@chaparralenergy.com.

Thank you for your assistance.

Sincerely,

CHAPARRAL ENERGY, LLC

Leigh Kuykendall

Leigh Kuykendall
Sr. Engineering Tech

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ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Revised June 10, 2003

APPLICATION FOR AUTHORIZATION TO INJECT

I. PURPOSE: _____Secondary Recovery _____Pressure Maintenance __X__Disposal _____Storage
Application qualifies for administrative approval? _____Yes _____No

II. OPERATOR: Chaparral Energy, LLC

ADDRESS: 701 Cedar Lake Blvd., Oklahoma City, OK 73114

CONTACT PARTY: Leigh Kuykendall PHONE: (405) 478 8770

III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection. Additional sheets may be attached if necessary.

IV. Is this an expansion of an existing project? _____Yes __X__No
If yes, give the Division order number authorizing the project: _____

V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.

VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.

VII. Attach data on the proposed operation, including:

1. Proposed average and maximum daily rate and volume of fluids to be injected;
2. Whether the system is open or closed;
3. Proposed average and maximum injection pressure;
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).

*VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.

IX. Describe the proposed stimulation program, if any.

*X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).

*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.

XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.

XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

NAME: Leigh Kuykendall TITLE: Sr. Engineering Tech

SIGNATURE: Leigh Kuykendall DATE: 6/29/05

E-MAIL ADDRESS: leighk@chaparralenergy.com

* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: _____

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office

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Side 2

III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

(1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.

(2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.

(3) A description of the tubing to be used including its size, lining material, and setting depth.

(4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

(1) The name of the injection formation and, if applicable, the field or pool name.

(2) The injection interval and whether it is perforated or open-hole.

(3) State if the well was drilled for injection or, if not, the original purpose of the well.

(4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.

(5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

(1) The name, address, phone number, and contact party for the applicant;

(2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;

(3) The formation name and depth with expected maximum injection rates and pressures; and,

(4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

Side 1

INJECTION WELL DATA SHEET

OPERATOR: Chaparral Energy, LLC

WELL NAME & NUMBER: State K #1-21

WELL LOCATION: 1980' FSL & 1980' FWL | K | 21 | 11S | 33E

FOOTAGE LOCATION | UNIT LETTER | SECTION | TOWNSHIP | RANGE

WELLBORE SCHEMATIC

- Attached -

WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 17 1/2" Casing Size: 13 3/8"

Cemented with: 400 sx. *or* _____ ft³

Top of Cement: surface Method Determined: Circulated

Intermediate Casing

Hole Size: 11" Casing Size: 8 5/8"

Cemented with: 350 sx. *or* _____ ft³

Top of Cement: 2235' Method Determined: Calculated

Production Casing

Hole Size: 8 5/8" Casing Size: 5 1/2"

Cemented with: 700 sx. *or* _____ ft³

Top of Cement: surface Method Determined: Circulated

Total Depth: 3850'

Injection Interval

3850 feet to 4469 Open hole

(Perforated or Open Hole; indicate which)

INJECTION WELL DATA SHEET

Tubing Size: 2 7/8" Lining Material: Ceramic

Type of Packer: Arrowset 1X

Packer Setting Depth: 3825'

Other Type of Tubing/Casing Seal (if applicable): NA

Additional Data

1. Is this a new well drilled for injection? ____Yes X No

   If no, for what purpose was the well originally drilled? Oil production

2. Name of the Injection Formation: San Andres

3. Name of Field or Pool (if applicable): NA

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used. 9745'-9932' Strawn; 9358'-9364' Canyon; 9094'-9310' Cisco. Cement retainer @ 4496' w/20' cement plug.

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area: None above.

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☒ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☒ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Leigh Kuykendall	Leigh Kuykendall	Sr. Engineering Tech	6/30/05
Print or Type Name	Signature	Title	Date

leighk@chaparralenergy.com
e-mail Address

C-108 Application for Authorization to Inject
State K #1-21
1980' FSL & 1980' FWL of Sec. 21-11S-33E
Lea Co., NM

V. Area of Review Map is attached.

VI. Wellbore schematics are attached for all wells that penetrate the proposed injection zone within the ½ mile area of review.

VII.
1. Proposed average daily injection rate is 750 BW
   Proposed maximum daily injection rate is 1200 BW
2. Closed system
3. Proposed maximum injection pressure is 2000 psi.
4. Source of injected water is a well being completed in the Penn/Wolfcamp reservoirs. No compatibility problems with San Andres water is expected. A water analysis is attached.

VIII. The injection zone is the San Andres, a fine grained sucrosic dolomite from 3730' – 5100'. The average depth of drinking water is 55' from surface in this area.

IX. The San Andres injection interval will not require stimulation in order to take water.

X. Well logs are on file from the original completion of the well.

XI. Chemical analyses of fresh water wells within the area of review are attached.

XII. After examining the available engineering and geologic data, no evidence of open faults or other hydrologic connection between the disposal zone and underground sources of drinking water.

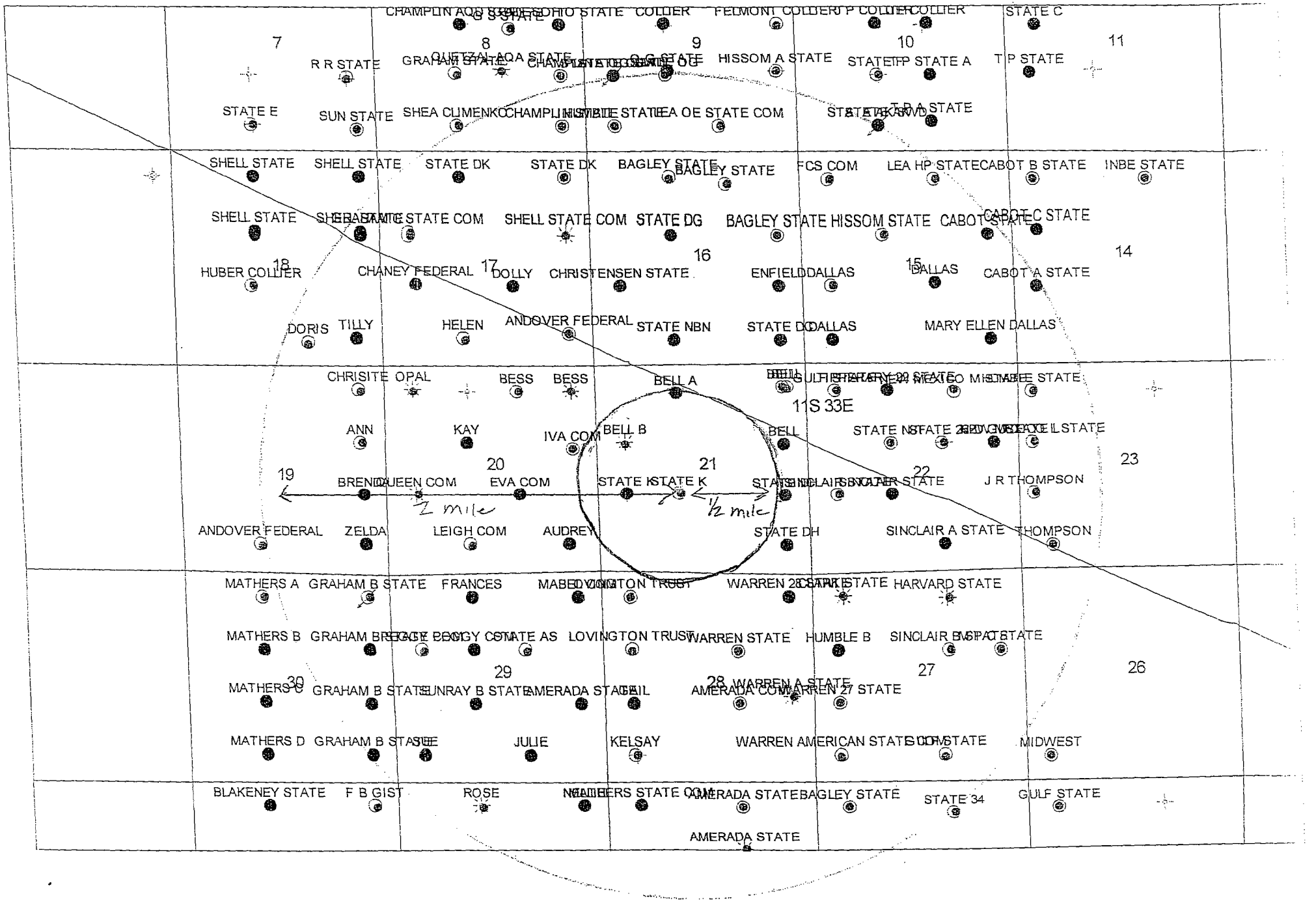
XIII. Proof of Notice is attached.

PowerTools Map

Project: \\profile\profile\ronb\My Documents\Power Tools v6.0\state k.MDB

Date: 3/25/2005
Time: 9:42 AM

Summary Lease Report

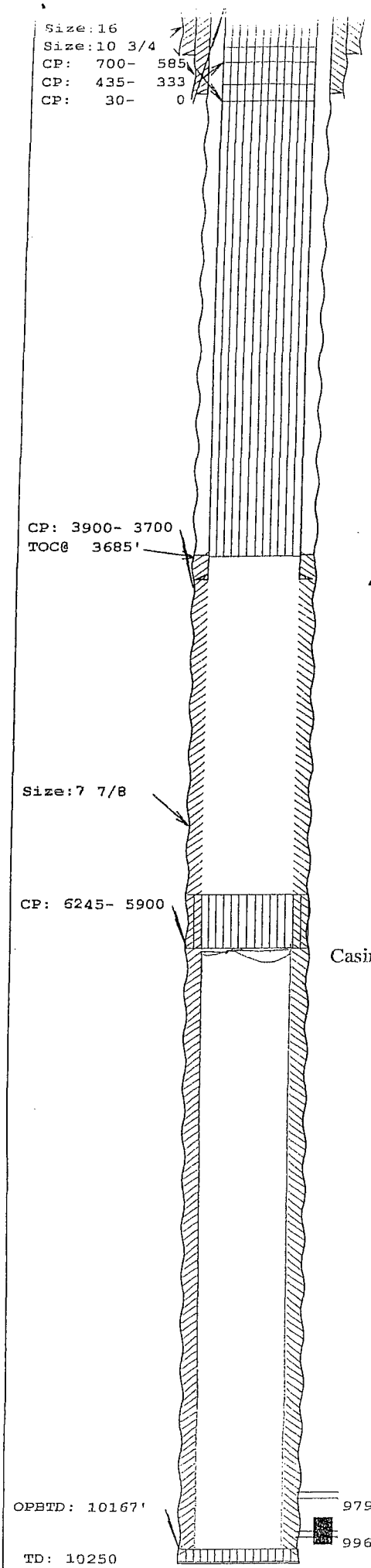


State K #1-21

Proposed Injection Well
Sec. 21-11S-33E
Lea Co., NM

Area of Review Tabulation

Well Name	Operator	Well Type	Well Status	Date Drilled	Location	Total Depth	Compl Record Attached?	Schematic Attached?
Bell A	Phoenix Hydrocarbons	Oil	Producing	5/24/1966	720' FNL & 1980' FWL	10801'	Yes	Yes
Bell B	Tipperary Oil & Gas	Gas	P&A	12/31/1966	1980' FNL & 660' FWL	10250'	Yes	Yes
State K #2-21	Chaparral Energy, LLC	Oil	Shut in	4/1/1968	1980' FSL & 660' FWL	10170'	Yes	Yes
State K #3-21	Chaparral Energy, LLC	Oil	Completing	1/20/2005	660' FSL & 1980' FWL	10200'	Yes	Yes



Well: Bell B
Operator:
Location: 1980' FNL & 660' FWL
Legal: Sec. 21-11S-33E, Lea Co., NM

Dir:

Spud Date: 12/31/1966
Drilling Finished:
Completion Date: 2/10/1967
First Production: 2/10/1967

PUMPING DATA:

PU:
PM:
BHP:
Anchor:

PRODUCTION FACILITY:

HISTORY:

10/11/84□TA'd due to parted csg @ 6245'.

3/21/95□Tagged up w/tbg @ 6245'. Pump 200 sx cmt 6245'. WOC.

3/22/95□Load hole w/wtr. Mix mud & displace w/mud Pump 25 sx @ 6245'. WOC 4 hrs. Tag plug @ 5900'.

3/23/95□Cut 4 1/2" csg @ 3850' (100' below 8 5/8" shoe). POH w/csg. Pump 35 sx plug 3900'-3700'. WO Tag plug @ 3685'.

3/24/95□Cut 8 5/8" csg @ 650'. POH w/csg. Set 45 sx plug @ 700'-600'.

3/27/95□Tag plug @ 585'. Pump 65 sx plug 435'-335'. WOC 4 hrs. Tag @ 333'. Pump 10 sx plug 30'-surface. Weld on dry hole marker. P&A.

Input by: leigh
Approved by:
Last Update: 3/28/05

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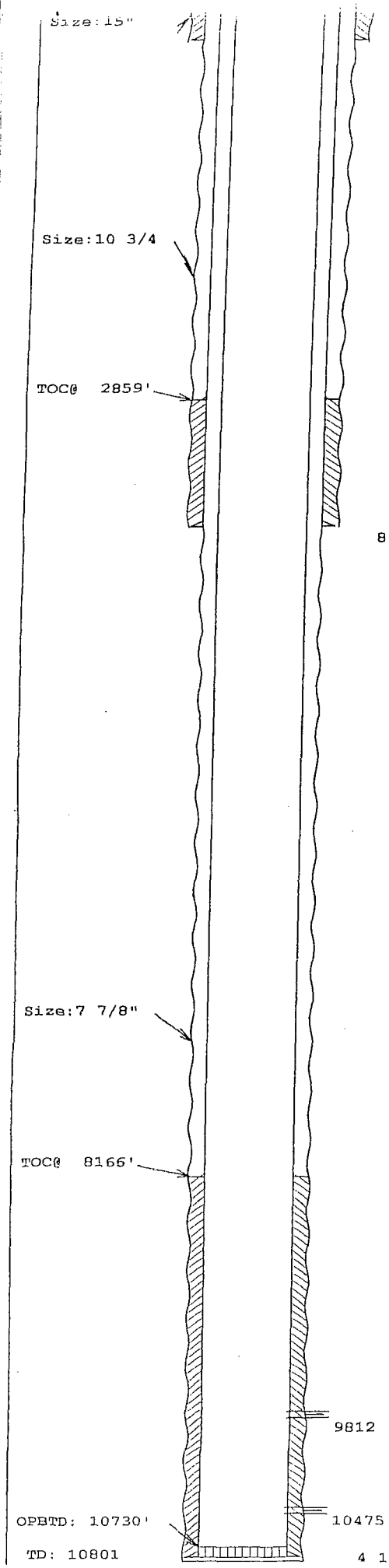


Well:
Operator: Chaparral (USA) Energy, Inc.
Location: Unit C, 720' FNL & 1980' FWL
Legal: Sec. 21-11S-33E, Lea Co., NM

Dir:

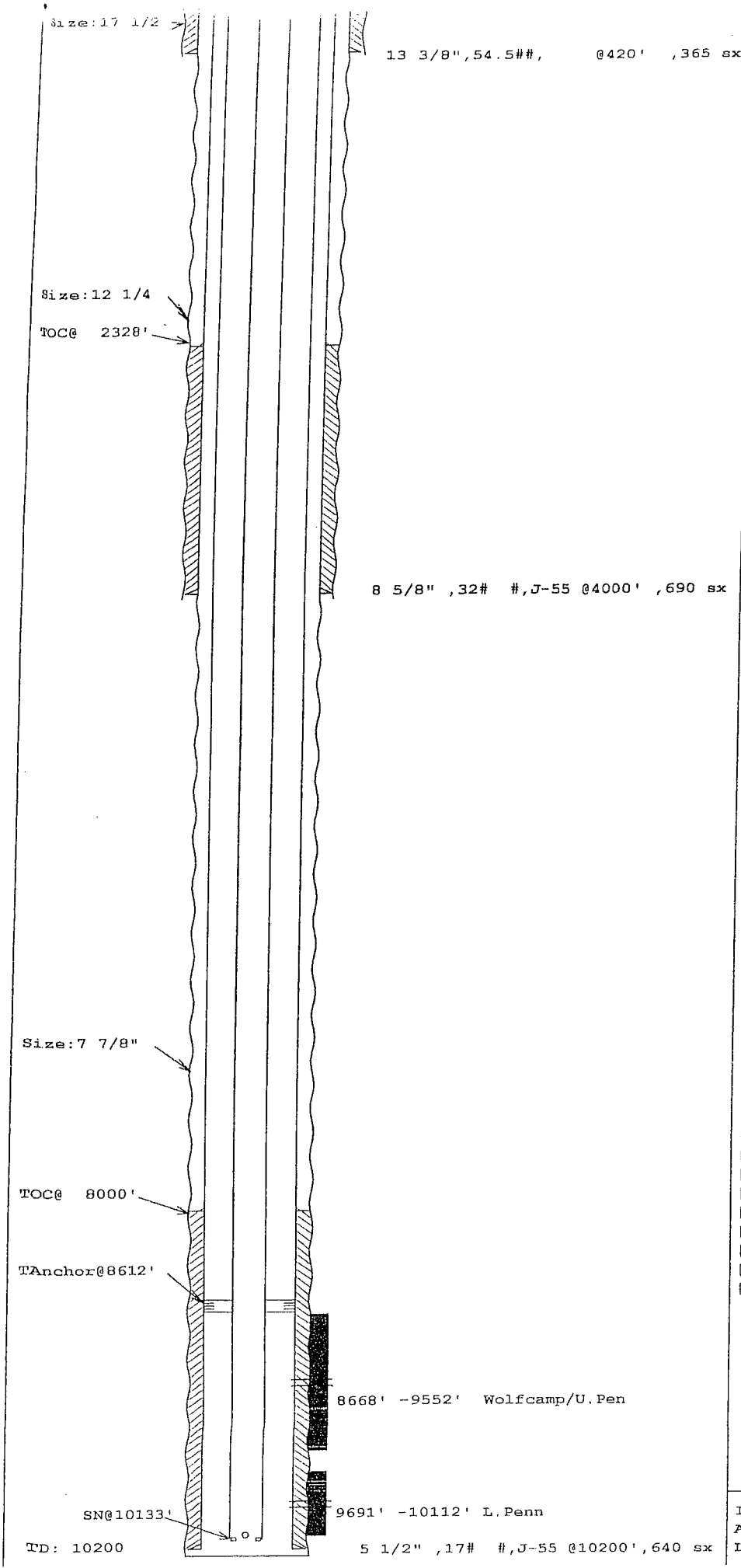
Spud Date:
Drilling Finished:
Completion Date:
First Production:

PUMPING DATA:
PU:
PM:
BHP:
Anchor:

PRODUCTION FACILITY:

HISTORY:

Input by: leigh
Approved by:
Last Update: 6/29/05



Well: [illegible]
Operator: Chaparral (USA) Energy, Inc.
Location: Unit N, 660' FSL & 1980' FWL
Legal: Sec. 21-11S-33E, Lea Co.

Dir:

Spud Date: 1/21/05
Drilling Finished: 2/23/05
Completion Date:
First Production:

PUMPING DATA:

PU:
PM:
BHP:
Anchor:

PRODUCTION FACILITY:

TUBING #1:

Type	#Jts	Size	Wt#/f	Grade	Set@
Production	319	2 7/8"	6.5		1013

HISTORY:

Segment detail:

L. Penn ☐
☐9691'-9706'
☐9738'-9740'
☐9761'-9771'
☐9802'-9832'
☐9838'-9854'
☐9868'-9876'
☐9898'-9905'
☐9924'-9935'
☐9960'-9966'
☐9986'-9992'
☐10024'-10026'
☐10050'-10054'
☐10100'-10112'

Wolfcamp/U. Penn
☐8668'-8671'
☐8704'-8706'
☐8719'-8721'
☐8819'-8823'
☐8835'-8840'
☐8990'-8995'
☐9146'-9147'
☐9152'-9154'
☐9212'-9218'
☐9280'-9284'
☐9294'-9297'
☐9311'-9315'
☐9317'-9320'
☐9324'-9327'
☐9350'-9360
☐9368'-9381'
☐9490'-9494'
☐9496'-9498'
☐9508'-9511'
☐9546'-9552'
☐

Input by: leigh
Approved by:
Last Update: 6/29/05

ENVIRONMENTAL LAB OF

12600 West I-20 East - Odessa, Texas 79765

Analytical Report

Prepared for:

Leigh Kuykendall

Chaparral Energy

701 Cedar Lake Bld.

Oklahoma City, OK 73114

Project: State K #3-21

Project Number: None Given

Location: 18 mi. west of Tatum, NM

Lab Order Number: 5G01015

Report Date: 07/12/05

Fresh Water Wells

Chaparral Energy	Project: State K #3-21	Fax: (405) 478-4162
701 Cedar Lake Bld.	Project Number: None Given	Reported:
Oklahoma City OK, 73114	Project Manager: Leigh Kuykendall	07/12/05 15:41

ANALYTICAL REPORT FOR SAMPLES

Sample ID	Laboratory ID	Matrix	Date Sampled	Date Received
Section 21	5G01015-01	Water	06/30/05 16:00	07/01/05 14:30
Section 22	5G01015-02	Water	06/30/05 16:10	07/01/05 14:30

12600 West I-20 East - Odessa, Texas 79705 - (432) 563-1800 - Fax (432) 563-1713

Chaparral Energy	Project: State K #3-21	Fax: (405) 478-4162
701 Cedar Lake Bld.	Project Number: None Given	Reported:
Oklahoma City OK, 73114	Project Manager: Leigh Kuykendall	07/12/05 15:41

General Chemistry Parameters by EPA / Standard Methods

Environmental Lab of Texas

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Prepared	Analyzed	Method	Notes
Section 21 (5G01015-01) Water									
Total Alkalinity	150	4.00	mg/L	2	EG50715	07/07/05	07/07/05	EPA 310.2M	
Chloride	50.7	2.50	"	5	EG51103	07/08/05	07/08/05	EPA 300.0	
Specific Conductance (EC)	907	5.00	umhos/cm	1	EG50803	07/07/05	07/07/05	EPA 9050A	
Total Dissolved Solids	644	5.00	mg/L	"	EG51209	07/07/05	07/08/05	EPA 160.1	
Sulfate	228	2.50	"	5	EG51103	07/08/05	07/08/05	EPA 300.0	
Section 22 (5G01015-02) Water									
Total Alkalinity	128	4.00	mg/L	2	EG50715	07/07/05	07/07/05	EPA 310.2M	
Chloride	49.0	2.50	"	5	EG51103	07/08/05	07/08/05	EPA 300.0	
Specific Conductance (EC)	780	5.00	umhos/cm	1	EG50803	07/07/05	07/07/05	EPA 9050A	
Total Dissolved Solids	497	5.00	mg/L	"	EG51209	07/07/05	07/08/05	EPA 160.1	
Sulfate	171	2.50	"	5	EG51103	07/08/05	07/08/05	EPA 300.0	

Chaparral Energy	Project: State K #3-21	Fax: (405) 478-4162
701 Cedar Lake Bld.	Project Number: None Given	Reported:
Oklahoma City OK, 73114	Project Manager: Leigh Kuykendall	07/12/05 15:41

Total Metals by EPA / Standard Methods

Environmental Lab of Texas

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Prepared	Analyzed	Method	Notes
Section 21 (5G01015-01) Water									
Calcium	**116**	0.500	mg/L	50	EG50802	07/08/05	07/08/05	EPA 6010B	
Magnesium	**18.2**	0.0100	"	10	"	"	"	"	
Potassium	**4.56**	0.0500	"	1	"	"	"	"	
Sodium	**66.7**	0.100	"	10	"	"	"	"	
Mercury	ND	0.00100	"	2	EG50807	07/08/05	07/08/05	EPA 7470A	
Aluminum	**ND**	0.0150	"	1	EG50708	07/07/05	07/07/05	EPA 6010B	
Arsenic	**ND**	0.00800	"	"	"	"	"	"	
Barium	**0.0303**	0.00100	"	"	"	"	"	"	
Boron	**0.187**	0.00500	"	"	"	"	"	"	
Cadmium	**0.00100**	0.00100	"	"	"	"	"	"	
Chromium	ND	0.00500	"	"	"	"	"	"	
Cobalt	ND	0.00200	"	"	"	"	"	"	
Copper	**0.00450**	0.00200	"	"	"	"	"	"	
Iron	ND	0.00200	"	"	"	"	"	"	
Lead	**J [0.00280]**	0.0110	"	"	"	"	"	"	J
Manganese	**0.00130**	0.00100	"	"	"	"	"	"	
Molybdenum	ND	0.00200	"	"	"	"	"	"	
Nickel	ND	0.00600	"	"	"	"	"	"	
Selenium	**0.0216**	0.00400	"	"	"	"	"	"	
Silver	ND	0.00500	"	"	"	"	"	"	
Zinc	**0.00330**	0.00100	"	"	"	"	"	"	
Section 22 (5G01015-02) Water									
Calcium	**82.0**	0.100	mg/L	10	EG50802	07/08/05	07/08/05	EPA 6010B	
Magnesium	**14.9**	0.0100	"	"	"	"	"	"	
Potassium	**3.62**	0.0500	"	1	"	"	"	"	
Sodium	**55.2**	0.100	"	10	"	"	"	"	
Mercury	**ND**	0.00100	"	2	EG50807	07/08/05	07/08/05	EPA 7470A	
Aluminum	ND	0.0150	"	1	EG50708	07/07/05	07/07/05	EPA 6010B	
Arsenic	**0.0125**	0.00800	"	"	"	"	"	"	
Barium	**0.0370**	0.00100	"	"	"	"	"	"	
Boron	**0.177**	0.00500	"	"	"	"	"	"	
Cadmium	**ND**	0.00100	"	"	"	"	"	"	
Chromium	ND	0.00500	"	"	"	"	"	"	
Cobalt	ND	0.00200	"	"	"	"	"	"	
Copper	**J [0.00120]**	0.00200	"	"	"	"	"	"	J
Iron	ND	0.00200	"	"	"	"	"	"	
Lead	**J [0.00310]**	0.0110	"	"	"	"	"	"	J

Chaparral Energy	Project: State K #3-21	Fax: (405) 478-4162
701 Cedar Lake Bld.	Project Number: None Given	Reported:
Oklahoma City OK, 73114	Project Manager: Leigh Kuykendall	07/12/05 15:41

Total Metals by EPA / Standard Methods

Environmental Lab of Texas

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Prepared	Analyzed	Method	Notes
Section 22 (5G01015-02) Water									
Manganese	ND	0.00100	mg/L	1	EG50708	07/07/05	07/07/05	EPA 6010B	
Molybdenum	ND	0.00200	"	"	"	"	"	"	
Nickel	ND	0.00600	"	"	"	"	"	"	
Selenium	**0.0266**	0.00400	"	"	"	"	"	"	
Silver	ND	0.00500	"	"	"	"	"	"	
Zinc	***0.00420***	*0.00100*	"	"	"	"	"	"	

Chaparral Energy	Project: State K #3-21	Fax: (405) 478-4162
701 Cedar Lake Bld.	Project Number: None Given	Reported:
Oklahoma City OK, 73114	Project Manager: Leigh Kuykendall	07/12/05 15:41

General Chemistry Parameters by EPA / Standard Methods - Quality Control

Environmental Lab of Texas

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
Batch EG50715 - General Preparation (WetChem)										
Blank (EG50715-BLK1)				Prepared & Analyzed: 07/07/05						
Total Alkalinity	ND	2.00	mg/L							
Duplicate (EG50715-DUP1)		Source: 5G01015-01		Prepared & Analyzed: 07/07/05						
Total Alkalinity	152	4.00	mg/L		150			1.32	20	
Reference (EG50715-SRM1)				Prepared & Analyzed: 07/07/05						
Bicarbonate Alkalinity	230		mg/L	200		115	80-120			
Batch EG50803 - General Preparation (WetChem)										
Calibration Check (EG50803-CCV1)				Prepared & Analyzed: 07/08/05						
Specific Conductance (EC)	1420		umhos/cm	1410		101	80-120			
Duplicate (EG50803-DUP1)		Source: 5G01015-01		Prepared & Analyzed: 07/07/05						
Specific Conductance (EC)	909	5.00	umhos/cm		907			0.220	20	
Batch EG51103 - General Preparation (WetChem)										
Blank (EG51103-BLK1)				Prepared & Analyzed: 07/08/05						
Chloride	ND	0.500	mg/L							
Sulfate	ND	0.500	"							
LCS (EG51103-BS1)				Prepared & Analyzed: 07/08/05						
Chloride	10.7		mg/L	10.0		107	80-120			
Sulfate	9.90		"	10.0		99.0	80-120			

Chaparral Energy	Project: State K #3-21	Fax: (405) 478-4162
701 Cedar Lake Bld.	Project Number: None Given	Reported:
Oklahoma City OK, 73114	Project Manager: Leigh Kuykendall	07/12/05 15:41

General Chemistry Parameters by EPA / Standard Methods - Quality Control

Environmental Lab of Texas

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
Batch EG51103 - General Preparation (WetChem)										
Calibration Check (EG51103-CCV1)				Prepared & Analyzed: 07/08/05						
Sulfate	10.4		mg/L	10.0		104	80-120			
Chloride	10.9		"	10.0		109	80-120			
Duplicate (EG51103-DUP1)		Source: 5G01015-01		Prepared & Analyzed: 07/08/05						
Sulfate	231	2.50	mg/L		228			1.31	20	
Chloride	52.9	2.50	"		50.7			4.25	20	
Batch EG51209 - General Preparation (WetChem)										
Blank (EG51209-BLK1)				Prepared: 07/07/05	Analyzed: 07/08/05					
Total Dissolved Solids	ND	5.00	mg/L							
Duplicate (EG51209-DUP1)		Source: 5G01015-01		Prepared: 07/07/05	Analyzed: 07/08/05					
Total Dissolved Solids	609	5.00	mg/L		644			5.59	20	

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Chaparral Energy	Project: State K #3-21	Fax: (405) 478-4162
701 Cedar Lake Bld.	Project Number: None Given	Reported:
Oklahoma City OK, 73114	Project Manager: Leigh Kuykendall	07/12/05 15:41

Total Metals by EPA / Standard Methods - Quality Control

Environmental Lab of Texas

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
Batch EG50708 - 6010B/No Digestion										
Blank (EG50708-BLK1)				Prepared & Analyzed: 07/07/05						
Aluminum	ND	0.0150	mg/L							
Arsenic	ND	0.00800	"							
Barium	ND	0.00100	"							
Boron	ND	0.00500	"							
Cadmium	ND	0.00100	"							
Chromium	ND	0.00500	"							
Cobalt	ND	0.00200	"							
Copper	ND	0.00200	"							
Iron	ND	0.00200	"							
Lead	ND	0.0110	"							
Manganese	ND	0.00100	"							
Molybdenum	ND	0.00200	"							
Nickel	ND	0.00600	"							
Selenium	ND	0.00400	"							
Silver	ND	0.00500	"							
Zinc	ND	0.00100	"							
LCS (EG50708-BS1)				Prepared & Analyzed: 07/07/05						
Aluminum	1.36	0.0150	mg/L	1.50		90.7	85-115			
Arsenic	0.881	0.00800	"	0.800		110	85-115			
Barium	0.230	0.00100	"	0.200		115	85-115			
Boron	0.981	0.00500	"	1.00		98.1	85-115			
Cadmium	0.208	0.00100	"	0.200		104	85-115			
Chromium	0.206	0.00500	"	0.200		103	85-115			
Cobalt	0.183	0.00200	"	0.200		91.5	85-115			
Copper	0.195	0.00200	"	0.200		97.5	85-115			
Iron	0.202	0.00200	"	0.200		101	85-115			
Lead	1.02	0.0110	"	1.10		92.7	85-115			
Manganese	0.201	0.00100	"	0.200		100	85-115			
Molybdenum	0.212	0.00200	"	0.200		106	85-115			
Nickel	0.568	0.00600	"	0.600		94.7	85-115			
Selenium	0.404	0.00400	"	0.400		101	85-115			
Silver	0.102	0.00500	"	0.100		102	85-115			
Zinc	0.216	0.00100	"	0.200		108	85-115			

Chaparral Energy	Project: State K #3-21	Fax: (405) 478-4162
701 Cedar Lake Bld.	Project Number: None Given	Reported:
Oklahoma City OK, 73114	Project Manager: Leigh Kuykendall	07/12/05 15:41

Total Metals by EPA / Standard Methods - Quality Control

Environmental Lab of Texas

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
Batch EG50708 - 6010B/No Digestion										
Calibration Check (EG50708-CCV1)				Prepared & Analyzed: 07/07/05						
Aluminum	0.936		mg/L	1.00		93.6	90-110			
Arsenic	0.990		"	1.00		99.0	90-110			
Barium	1.03		"	1.00		103	90-110			
Boron	0.996		"	1.00		99.6	90-110			
Cadmium	1.03		"	1.00		103	90-110			
Chromium	1.02		"	1.00		102	90-110			
Cobalt	0.992		"	1.00		99.2	90-110			
Copper	1.01		"	1.00		101	90-110			
Lead	0.929		"	1.00		92.9	90-110			
Iron	1.00		"	1.00		100	90-110			
Manganese	0.988		"	1.00		98.8	90-110			
Molybdenum	1.04		"	1.00		104	90-110			
Nickel	0.957		"	1.00		95.7	90-110			
Selenium	0.994		"	1.00		99.4	90-110			
Silver	0.520		"	0.500		104	90-110			
Zinc	0.914		"	1.00		91.4	90-110			
Matrix Spike (EG50708-MS1)	**Source: 5G01015-01**			Prepared & Analyzed: 07/07/05						
Aluminum	1.48	0.0150	mg/L	1.50	ND	98.7	75-125			
Arsenic	0.976	0.00800	"	0.800	ND	122	75-125			
Barium	0.242	0.00100	"	0.200	0.0303	106	75-125			
Boron	1.18	0.00500	"	1.00	0.187	99.3	75-125			
Cadmium	0.204	0.00100	"	0.200	0.00100	102	75-125			
Chromium	0.202	0.00500	"	0.200	ND	101	75-125			
Cobalt	0.195	0.00200	"	0.200	ND	97.5	75-125			
Copper	0.206	0.00200	"	0.200	0.00450	101	75-125			
Lead	1.16	0.0110	"	1.10	0.00280	105	75-125			
Iron	0.197	0.00200	"	0.200	ND	98.5	75-125			
Manganese	0.199	0.00100	"	0.200	0.00130	98.8	75-125			
Molybdenum	0.206	0.00200	"	0.200	ND	103	75-125			
Nickel	0.614	0.00600	"	0.600	ND	102	75-125			
Selenium	0.487	0.00400	"	0.400	0.0216	116	75-125			
Silver	0.119	0.00500	"	0.100	ND	119	75-125			
Zinc	0.240	0.00100	"	0.200	0.00330	118	75-125			

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Chaparral Energy	Project: State K #3-21	Fax: (405) 478-4162
701 Cedar Lake Bld.	Project Number: None Given	Reported:
Oklahoma City OK, 73114	Project Manager: Leigh Kuykendall	07/12/05 15:41

Total Metals by EPA / Standard Methods - Quality Control

Environmental Lab of Texas

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
Batch EG50802 - 6010B/No Digestion										
Blank (EG50802-BLK1)				Prepared & Analyzed: 07/08/05						
Calcium	ND	0.0100	mg/L							
Magnesium	ND	0.00100	"							
Potassium	ND	0.0500	"							
Sodium	ND	0.0100	"							
Calibration Check (EG50802-CCV1)				Prepared & Analyzed: 07/08/05						
Calcium	2.01		mg/L	2.00		100	85-115			
Magnesium	2.24		"	2.00		112	85-115			
Potassium	1.77		"	2.00		88.5	85-115			
Sodium	1.85		"	2.00		92.5	85-115			
Duplicate (EG50802-DUP1)		Source: 5G01015-01		Prepared & Analyzed: 07/08/05						
Calcium	117	0.500	mg/L		116			0.858	20	
Magnesium	18.1	0.0100	"		18.2			0.551	20	
Potassium	4.40	0.0500	"		4.56			3.57	20	
Sodium	61.8	0.100	"		66.7			7.63	20	
Batch EG50807 - EPA 7470A										
Blank (EG50807-BLK1)				Prepared & Analyzed: 07/08/05						
Mercury	ND	0.00100	mg/L							
LCS (EG50807-BS1)				Prepared & Analyzed: 07/08/05						
Mercury	0.00170	0.000500	mg/L	0.00200		85.0	85-115			
Calibration Check (EG50807-CCV1)				Prepared & Analyzed: 07/08/05						
Mercury	0.00103		mg/L	0.00100		103	90-110			

Chaparral Energy	Project: State K #3-21	Fax: (405) 478-4162
701 Cedar Lake Bld.	Project Number: None Given	Reported:
Oklahoma City OK, 73114	Project Manager: Leigh Kuykendall	07/12/05 15:41

Total Metals by EPA / Standard Methods - Quality Control

Environmental Lab of Texas

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
Batch EG50807 - EPA 7470A										
Matrix Spike (EG50807-MS1)		**Source: 5G01015-02**		Prepared & Analyzed: 07/08/05						
Mercury	0.00212	0.000500	mg/L		ND		75-125			
Matrix Spike Dup (EG50807-MSD1)		**Source: 5G01015-02**		Prepared & Analyzed: 07/08/05						
Mercury	0.00206	0.000500	mg/L		ND		75-125	2.87	20	

12600 West I-20 East - Odessa, Texas 79705 - (432) 563-1800 - Fax (432) 563-1713

Chaparral Energy	Project: State K #3-21	Fax: (405) 478-4162
701 Cedar Lake Bld.	Project Number: None Given	Reported:
Oklahoma City OK, 73114	Project Manager: Leigh Kuykendall	07/12/05 15:41

Notes and Definitions

J	Detected but below the Reporting Limit; therefore, result is an estimated concentration (CLP J-Flag).
DET	Analyte DETECTED
ND	Analyte NOT DETECTED at or above the reporting limit
NR	Not Reported
dry	Sample results reported on a dry weight basis
RPD	Relative Percent Difference
LCS	Laboratory Control Spike
MS	Matrix Spike
Dup	Duplicate

Report Approved By: Raland K. Tuttle Date: 7/12/2005

Raland K. Tuttle, Lab Manager
Celey D. Keene, Lab Director, Org. Tech Director
Peggy Allen, QA Officer
Jeanne Mc Murrey, Inorg. Tech Director
LaTasha Cornish, Chemist
Sandra Sanchez, Lab Tech.

ENVIRONMENTAL LAB OF

12600 West I-20 East - Odessa, Texas 79765

Analytical Report

Prepared for:

Herman Steen

Chaparral Energy, LLC (Odessa)

11908 W Hwy. 80 E

Odessa, TX 79765

Project: Permit Water

Project Number: State K 3-21

Location: None Given

Lab Order Number: 5G28004

Report Date: 08/09/05

Source Well

Chaparral Energy, LLC (Odessa)	Project: Permit Water	Fax: (432) 561-9467
11908 W Hwy. 80 E	Project Number: State K 3-21	Reported:
Odessa TX, 79765	Project Manager: Herman Steen	08/09/05 16:12

ANALYTICAL REPORT FOR SAMPLES

Sample ID	Laboratory ID	Matrix	Date Sampled	Date Received
Produced Water	5G28004-01	Water	07/19/05 00:00	07/21/05 13:55

12600 West I-20 East - Odessa, Texas 79705 - (432) 563-1800 - Fax (432) 563-1713

Chaparral Energy, LLC (Odessa)	Project: Permit Water	Fax: (432) 561-9467
11908 W Hwy. 80 E	Project Number: State K 3-21	**Reported:**
Odessa TX, 79765	Project Manager: Herman Steen	08/09/05 16:12

General Chemistry Parameters by EPA / Standard Methods

Environmental Lab of Texas

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Prepared	Analyzed	Method	Notes
Produced Water (5G28004-01) Water									
Carbonate Alkalinity	ND	0.100	mg/L	1	EH50502	07/28/05	07/28/05	EPA 310.2M	O-04
Bicarbonate Alkalinity	**76.0**	2.00	"	"	"	"	"	"	O-04
Hydroxide Alkalinity	ND	0.100	"	"	"	"	"	"	O-04
Chloride	**63800**	5.00	"	"	EH50901	08/08/05	08/08/05	EPA 325.3M	
pH	**5.95**		pH Units	"	EG52818	07/28/05	07/28/05	EPA 150.1	
Total Dissolved Solids	**95300**	20.0	mg/L	4	EH50306	08/02/05	08/03/05	EPA 160.1	
Sulfate	**821**	50.0	"	100	EH50312	08/03/05	08/03/05	EPA 300.0	

12600 West I-20 East - Odessa, Texas 79705 - (432) 563-1800 - Fax (432) 563-1713

Chaparral Energy, LLC (Odessa)	Project: Permit Water	Fax: (432) 561-9467
11908 W Hwy. 80 E	Project Number: State K 3-21	Reported:
Odessa TX, 79765	Project Manager: Herman Steen	08/09/05 16:12

Total Metals by EPA / Standard Methods

Environmental Lab of Texas

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Prepared	Analyzed	Method	Notes
Produced Water (5G28004-01) Water									
Calcium	4800	10.0	mg/L	1000	EH50405	08/04/05	08/04/05	EPA 6010B	
Magnesium	881	0.200	"	200	"	"	"	"	
Potassium	120	2.50	"	50	"	"	"	"	
Sodium	26800	100	"	10000	"	"	"	"	

12600 West I-20 East - Odessa, Texas 79705 - (432) 563-1800 - Fax (432) 563-1713

General Chemistry Parameters by EPA / Standard Methods - Quality Control

Environmental Lab of Texas

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
Batch EG52818 - General Preparation (WetChem)										
Calibration Check (EG52818-CCV1)				Prepared & Analyzed: 07/28/05						
pH	6.99		pH Units	7.00		99.9	97.5-102.5			
Duplicate (EG52818-DUP1)		Source: 5G28004-01		Prepared & Analyzed: 07/28/05						
pH	5.97		pH Units		5.95			0.336	2.5	
Batch EH50306 - General Preparation (WetChem)										
Blank (EH50306-BLK1)				Prepared: 08/02/05 Analyzed: 08/03/05						
Total Dissolved Solids	ND	5.00	mg/L							
Duplicate (EH50306-DUP1)		Source: 5G28004-01		Prepared: 08/02/05 Analyzed: 08/03/05						
Total Dissolved Solids	96300	20.0	mg/L		95300			*1.04*	5	
Batch EH50312 - General Preparation (WetChem)										
Blank (EH50312-BLK1)				Prepared & Analyzed: 08/03/05						
Sulfate	ND	0.500	mg/L							
LCS (EH50312-BS1)				Prepared & Analyzed: 08/03/05						
Sulfate	9.66		mg/L	10.0		96.6	80-120			
Calibration Check (EH50312-CCV1)				Prepared & Analyzed: 08/03/05						
Sulfate	8.35		mg/L	10.0		83.5	80-120			
Duplicate (EH50312-DUP1)		Source: 5G29003-01		Prepared & Analyzed: 08/03/05						
Sulfate	748	25.0	mg/L		743			0.671	20	

Chaparral Energy, LLC (Odessa)	Project: Permit Water	Fax: (432) 561-9467
11908 W Hwy. 80 E	Project Number: State K 3-21	Reported:
Odessa TX, 79765	Project Manager: Herman Steen	08/09/05 16:12

General Chemistry Parameters by EPA / Standard Methods - Quality Control

Environmental Lab of Texas

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
Batch EH50502 - General Preparation (WetChem)										
Blank (EH50502-BLK1)				Prepared & Analyzed: 07/28/05						
Total Alkalinity	ND	2.00	mg/L							
Duplicate (EH50502-DUP1)		Source: 5G20026-02		Prepared & Analyzed: 07/28/05						
Total Alkalinity	94.0	2.00	mg/L		94.0			0.00	20	
Reference (EH50502-SRM1)				Prepared & Analyzed: 07/28/05						
Bicarbonate Alkalinity	230	2.00	mg/L	200		115	80-120			
Batch EH50901 - General Preparation (WetChem)										
Blank (EH50901-BLK1)				Prepared & Analyzed: 08/08/05						
Chloride	*ND*	*5.00*	*mg/L*							
Duplicate (EH50901-DUP1)		Source: 5G28004-01		Prepared & Analyzed: 08/08/05						
Chloride	*63800*	*5.00*	*mg/L*		*63800*			*0.00*	*20*	
Reference (EH50901-SRM1)				Prepared & Analyzed: 08/08/05						
Chloride	*4960*		mg/L	*5000*		*99.2*	*80-120*			

Chaparral Energy, LLC (Odessa)	Project: Permit Water	Fax: (432) 561-9467
11908 W Hwy. 80 E	Project Number: State K 3-21	**Reported:**
Odessa TX, 79765	Project Manager: Herman Steen	08/09/05 16:12

Total Metals by EPA / Standard Methods - Quality Control

Environmental Lab of Texas

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
Batch EH50405 - 6010B/No Digestion										
Blank (EH50405-BLK1)				Prepared & Analyzed: 08/04/05						
Calcium	ND	0.0100	mg/L							
Magnesium	ND	0.00100	"							
Potassium	ND	0.0500	"							
Sodium	ND	0.0100	"							
Calibration Check (EH50405-CCV1)				Prepared & Analyzed: 08/04/05						
Calcium	1.75		mg/L	2.00		87.5	85-115			
Magnesium	1.98		"	2.00		99.0	85-115			
Potassium	1.83		"	2.00		91.5	85-115			
Sodium	1.70		"	2.00		85.0	85-115			
Duplicate (EH50405-DUP1)	***Source: 5G28004-01***			Prepared & Analyzed: 08/04/05						
Calcium	4800	10.0	mg/L		4800			0.00	20	
Magnesium	854	0.200	"		881			3.11	20	
Potassium	122	2.50	"		120			1.65	20	
Sodium	25900	100	"		26800			3.42	20	

12600 West I-20 East - Odessa, Texas 79705 - (432) 563-1800 - Fax (432) 563-1713

Chaparral Energy, LLC (Odessa)	Project: Permit Water	Fax: (432) 561-9467
11908 W Hwy. 80 E	Project Number: State K 3-21	Reported:
Odessa TX, 79765	Project Manager: Herman Steen	08/09/05 16:12

Notes and Definitions

O-04	This sample was analyzed outside the EPA recommended holding time.
DET	Analyte DETECTED
ND	Analyte NOT DETECTED at or above the reporting limit
NR	Not Reported
dry	Sample results reported on a dry weight basis
RPD	Relative Percent Difference
LCS	Laboratory Control Spike
MS	Matrix Spike
Dup	Duplicate

Report Approved By: Raland K Tuttle Date: 8/9/2005

Raland K. Tuttle, Lab Manager
Celey D. Keene, Lab Director, Org. Tech Director
Peggy Allen, QA Officer
Jeanne Mc Murrey, Inorg. Tech Director
LaTasha Cornish, Chemist
Sandra Sanchez, Lab Tech.

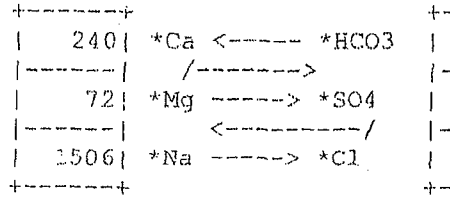
WATER ANALYSIS REPORT

Company	: Chaparral Energy	Date	: 08/08/05
Address	:	Date Sampled	: 07/19/05
Lease	: State K 3-21	Analysis No.	: 5GO80505
Well	:		
Sample Pt.	: Well Head		

	ANALYSIS		mg/L		* meq/L
1.	pH	5.9			
2.	H2S	NR			
3.	Specific Gravity	NR			
4.	Total Dissolved Solids		105002.3		
5.	Suspended Solids		NR		
6.	Dissolved Oxygen		NR		
7.	Dissolved CO2		NR		
8.	Oil In Water		NR		
11.	Bicarbonate	HCO3	76.0	HCO3	1.2
12.	Chloride	Cl	63800.0	Cl	1799.7
13.	Sulfate	SO4	821.0	SO4	17.1
14.	Calcium	Ca	4800.0	Ca	239.5
15.	Magnesium	Mg	881.0	Mg	72.5
16.	Sodium (calculated)	Na	34624.3	Na	1506.1
17.	Iron	Fe	0.0		
18.	Barium	Ba	0.0		
19.	Strontium	Sr	0.0		
20.	Total Hardness (CaCO3)		0.0		

PROBABLE MINERAL COMPOSITION

*milli equivalents per Liter



Saturation Values Dist. Water 20 C

CaCO3	13 mg/L
CaSO4 * 2H2O	2090 mg/L
BaSO4	2.4 mg/L

Compound	Equiv wt	X meq/L	= mg/L
Ca(HCO3)2	81.0	1.2	101
CaSO4	68.1	17.1	1164
CaCl2	55.5	221.2	12273
Mg(HCO3)2	73.2		
MgSO4	60.2		
MgCl2	47.6	72.5	3450
NaHCO3	84.0		
Na2SO4	71.0		
NaCl	58.4	1506.1	88014

REMARKS:

Respectfully submitted,
Sandra S

SCALE TENDENCY REPORT

Company	: Chaparral Energy	Date	: 08/08/05
Address	:	Date Sampled	: 07/19/05
Lease	: State K 3-21	Analysis No.	: 5G080505
Well	:	Analyst	: Sandra S
Sample Pt.	: Well Head		

STABILITY INDEX CALCULATIONS
(Stiff-Davis Method)
CaCO3 Scaling Tendency

S.I. = -0.8 at 80 deg. F or 27 deg. C
S.I. = -0.6 at 120 deg. F or 49 deg. C
S.I. = -0.4 at 180 deg. F or 82 deg. C

****

CALCIUM SULFATE SCALING TENDENCY CALCULATIONS
(Skillman-McDonald-Stiff Method)
Calcium Sulfate

S = 2892 at 80 deg. F or 27 deg C
S = 3126 at 120 deg. F or 49 deg C
S = 3101 at 180 deg. F or 82 deg C

Respectfully submitted,
Sandra S

Environmental Lab of Texas

12600 West I-20 East
Odessa, Texas 79765
Phone: 432-563-1800
Fax: 432-563-1713

CHAIN OF CUSTODY RECORD AND ANALYSIS REQUEST

Project Manager: Herman Steen
Company Name: Chaparral Energy
Company Address:
City/State/Zip:
Telephone No: 432-561-9462
M 405-830-3581
Sampler Signature: 830-8313
Email:

Project Name: Permit Water
Project #: Statte K-321
Project Loc:
PO #:
Injection Water

LAB # (lab use only)	FIELD CODE	Date Sampled	Time Sampled	No. of Containers	Preservative: Ice	HNO3	HCl	NaOH	H2SO4	None	Other (Specify)	Matrix: Water	Sludge	Soil	Other (specify):	Analyze For: TCLP: TPH: 418.1 8015M 1005 1006	Cations (Ca, Mg, Na, K)	Anions (Cl, SO4, CO3, HCO3)	SAR / ESP / CEC	TOTAL: Metals: As Ag Ba Cd Cr Pb Hg Se	Volatiles	Semivolatiles	BTEX 8021B/5030 or BTEX 8260	IRCI	N.O.R.M.	pH	TDS Corrosivity	Sodium	RUSH TAT (Pre-Schedule)	Standard TAT
562800A-01	Produced Water	7/19/05		2						X		X					←	←									✓	✓		

Special Instructions:
leighk@chaparralenergy.com → e-mail results to: (405) 478-8770 - Bob Long
405-426-4330 Corrosivity

Relinquished by:	Date	Time	Received by:	Date	Time
	7-21-05	1:55P			
Relinquished by:	Date	Time	Received by ELOT:	Date	Time
			Chris Hill	7/21/05	1:55

Sample Containers Intact? Y N
Labels on container? Y N
Custody Seals: Containers / Cooler
Temperature Upon Receipt:
Laboratory Comments: 24.0 °C
plastic bottle

Environmental Lab of Texas
Variance / Corrective Action Report – Sample Log-In

Client: Chaparral Energy/

Date/Time: 7/21/05 2:00

Order #: ~~5921~~ 0507280004

Initials: CK

Sample Receipt Checklist

Temperature of container/cooler?	Yes	No	24.0 C
Shipping container/cooler in good condition?	Yes	No	none
Custody Seals intact on shipping container/cooler?	Yes	No	not present
Custody Seals intact on sample bottles?	Yes	No	Not present
Chain of custody present?	(Yes)	No	
Sample Instructions complete on Chain of Custody?	(Yes)	No	
Chain of Custody signed when relinquished and received?	(Yes)	No	
Chain of custody agrees with sample label(s)	(Yes)	No	
Container labels legible and intact?	(Yes)	No	
Sample Matrix and properties same as on chain of custody?	(Yes)	No	
Samples in proper container/bottle?	(Yes)	No	
Samples properly preserved?	(Yes)	No	
Sample bottles intact?	(Yes)	No	
Preservations documented on Chain of Custody?	(Yes)	No	
Containers documented on Chain of Custody?	(Yes)	No	
Sufficient sample amount for indicated test?	(Yes)	No	
All samples received within sufficient hold time?	(Yes)	No	
VOC samples have zero headspace?	Yes	No	Not Applicable

Other observations:

Variance Documentation:

Contact Person: - Herman Date/Time: 7/21/05 1155 Contacted by: Carrie

Regarding:

On ice.

Corrective Action Taken:

When it testing for metals - need to be on ice.

Client wants to proceed with analysis.

AFFIDAVIT OF PUBLICATION

State of New Mexico,
County of Lea.

I, KATHI BEARDEN

Publisher

of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, do solemnly swear that the clipping attached hereto was published once a week in the regular and entire issue of said paper, and not a supplement thereof for a period.

of 1

weeks.

Beginning with the issue dated

July 3 2005

and ending with the issue dated

July 3 2005

Kathi Bearden

Publisher

Sworn and subscribed to before

me this 6th day of

July 2005

Notary Public.

My Commission expires
February 07, 2009
(Seal)

OFFICIAL SEAL
DORA MONTZ
NOTARY PUBLIC
STATE OF NEW MEXICO
My Commission Expires: _____

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937, and payment of fees for said publication has been made.

LEGAL NOTICE
July 3, 2005

Chaparral Energy, LLC, 701 Cedar Lake Blvd., Oklahoma City, OK, 73114, has filed Form C-108 (Application for Authorization to Inject) with the New Mexico Oil Conservation Division seeking administrative approval for a salt water disposal well. The proposed well, the State K #1-21, is located 1980' FSL & 1980' FWL of Sec. 21-11S-33E, Lea Co., NM. Disposal water will be sourced from an area well producing from the Penn and Wolfcamp formations at a depth of 8668' - 10112'. The disposal water will be injected into the San Andres formation from 3850' - 4469' at a maximum pressure of 2000 psi and a maximum rate of 1200 BWPD. Any interested party who has an objection to this must give notice in writing to the Oil Conservation Division, 1220 South Saint Francis Street, Santa Fe, NM, 87505, within 15 days of this notice. Any interested party with questions or comments may contact Ron Brown at Chaparral Energy, LLC, 701 Cedar Lake Blvd., Oklahoma City, OK, 73114, or by phone at (405) 478-8770.
#21630

02105572000 67531631

Chaparral Energy, Inc.
701 Cedar Lake Blvd.
OKLAHOMA CITY, OK 73114-7806

Chaparral Energy, Inc.

7001 0360 0003 5081 8123

June 30, 2005

Phoenix Hydrocarbons Operating Corporation
PO Box 3638
Midland, TX 79702

Re: Application to Inject
State K #1-21
Sec. 21-11S-33E
Lea Co., NM

Gentlemen:

Enclosed for your review is a copy of Chaparral Energy, LLC's, application to convert the above referenced well into a salt water disposal. A requirement of the New Mexico Oil & Gas Conservation Division is that all surface owners and offset operators be notified of the application.

Any objections must be submitted in writing to the NMOCD, 1220 S. St. Francis Dr., Santa Fe, NM, 87505. Objections must be received within 15 days of receipt of this letter.

If you have questions or need further information regarding this request, please contact Ron Brown, Operations Engineer, at (405) 478-8770.

Sincerely,

CHAPARRAL ENERGY, LLC

Leigh Kuykendall

Leigh Kuykendall
Sr. Engineering Tech

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE

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

Postmark Here

7001 0360 0003 5081 8123

Sent To: Phoenix Hydrocarbons
Street, Apt. No.; or PO Box No. PO Box 3638
City, State, ZIP+4 Midland TX 79702

PS Form 3800, January 2001 See Reverse for Instructions

701 Cedar Lake Blvd., Oklahoma City, Oklahoma 73114 • telephone: 405-478-8770 • facsimile: 405-478-1947

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:

Phoenix Hydrocarbons
P O Box 3638
Midland TX 79702

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) Lou PEARSON
B. Date of Delivery 7-7-05

C. Signature
X Lou Pearson ☐ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

40

Chaparral Energy, Inc.

7001 0360 0003 5081 8130

June 30, 2005

Weldon Dallas
Weldon L. & Edith Dallas Living Trust
HC 12, Box 46
Tatum, NM 88267

Re: Application to Inject
State K #1-21
Sec. 21-11S-33E
Lea Co., NM

Gentlemen:

Enclosed for your review is a copy of Chaparral Energy, LLC's, application to convert the above referenced well into a salt water disposal. A requirement of the New Mexico Oil & Gas Conservation Division is that all surface owners and offset operators be notified of the application.

Any objections must be submitted in writing to the NMOCD, 1220 S. St. Francis Dr., Santa Fe, NM, 87505. Objections must be received within 15 days of receipt of this letter.

If you have questions or need further information regarding this request, please contact Ron Brown, Operations Engineer, at (405) 478-8770.

Sincerely,

CHAPARRAL ENERGY, LLC

Leigh Kuykendall

Leigh Kuykendall
Sr. Engineering Tech

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE

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

Postmark Here

Sent To: Weldon Dallas
Street, Apt. No.; or PO Box No.: HC 12 Box 46
City, State, ZIP+ 4: Tatum NM 88267

7001 0360 0003 5081 8130

PS Form 3800, January 2001 — See Reverse for Instructions

701 Cedar Lake Blvd., Oklahoma City, Oklahoma 73114 • telephone: 405-478-8770 • facsimile: 405-478-1947

SENDER: COMPLETE THIS SECTION

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1. Article Addressed to:

Weldon Dallas
HC 12 Box 46
Tatum NM 88267

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly): W L Dallas — B. Date of Delivery: 7/12/05

C. Signature: X W L Dallas ☐ Agent ☐ Addressee

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

41

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

APPLICATION OF CHAPARRAL ENERGY, LLC FOR APPROVAL OF A SALT-WATER DISPOSAL WELL, LEA COUNTY, NEW MEXICO

CASE NO. 13695

AFFIDAVIT OF NOTICE OF HEARING

STATE OF NEW MEXICO)
) SS
COUNTY OF SANTA FE)

Ronald K. Brown, being duly sworn, deposes and states:

1. I am over the age of eighteen, and I have personal knowledge of the matters stated in this affidavit.

2. I am a Field Service Manager and Production Engineer for applicant Chaparral Energy, L.L.C. ("Chaparral").

3. Chaparral has made good faith and diligent efforts to discover the names and correct addresses of the interest owners entitled to receive notice of Chaparrals's application for approval of a salt-water disposal well and the hearing on Chaparral's application.

4. Notice of the hearing on Chaparral's application was provided to the proper interest owners, at their correct addresses, by certified or priority mail. Copies of the notice letters and certified return receipts are attached hereto as Exhibits A and B.

COMMISSION CASE NO. 13695
CHAPARRAL EXHIBIT NO. 2

Ronald K. Brown

SUBSCRIBED AND SWORN TO before me on this 8th day of June, 2006, by Ronald K. Brown.

Notary Public

My Commission Expires:

12-22-07

JANE ROMERO NOTARY PUBLIC STATE OF NEW MEXICO

Chaparral Energy, L.L.C.

Via certified mail

May 17, 2006

Weldon L. Dallas
HC-12 Box 46
Tatum, NM 88267

Phoenix Hydrocarbons Operating Corporation
PO Box 3638
Midland, TX 79702

Re: Application for Salt Water Disposal
OCD Case No. 13695
State K #1-21, API No. 30-025-22049
Unit K, Sec. 21-11S-33E
Lea Co., NM

Gentlemen:

This letter is to advise you that June 8, 2006 is the date set by the OCD on the above referenced Application to Inject hearing docket to present the case to a hearing examiner.

If you have any questions or require any further information, please contact me at (405)426-4451 or traci@chaparralenergy.com. Thank you.

Respectfully,

Traci Cornish
Engineering Tech

tc

701 Cedar Lake Blvd., Oklahoma City, Oklahoma 73114 • telephone: 405-478-8770 • facsimile: 405-478-1890

EXHIBIT A

Chaparral Energy, Inc.

Priority Mail

May 30, 2006

New Mexico Commissioner of Public Lands
PO Box 1149
Santa Fe, NM 87504

Re: Application for Salt Water Disposal
OCD Case No. 13695
State K #1-21, API #30-025-22049
Unit K, Sec. 21-11S-33E, Lea Co.

Gentlemen:

This letter is to advise you that an NMOCD hearing has been set for June 8, 2006, on the above referenced Application of Inject.

Chaparral Energy, LLC has applied to the NMOCD to convert the above well to a salt water disposal well. The application was protested and therefore docketed for hearing.

If you have questions or require further information, please contact Ron Brown or Traci Cornish at (405) 478-8770.

Sincerely,

CHAPARRAL ENERGY, LLC

Leigh Kuykendall
Sr. Engineering Tech

701 Cedar Lake Blvd., Oklahoma City, Oklahoma 73114 • telephone 405-478-8770 • facsimile. 405-478-1947

EXHIBIT B

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

APPLICATION OF CHAPARRAL ENERGY, LLC FOR APPROVAL OF A SALT-WATER DISPOSAL WELL, LEA COUNTY, NEW MEXICO

CASE NO. 13695

SUPPLEMENTAL AFFIDAVIT OF RONALD K. BROWN

STATE OF OKLAHOMA)
) SS
COUNTY OF OKLAHOMA)

Ronald K. Brown, being duly sworn, deposes and states:

1. I am over the age of eighteen, and I have personal knowledge of the matters stated in this affidavit.

2. I previously executed an affidavit ("Initial Affidavit") in this case that addresses Chaparral's provision of notice of the hearing on Chaparral's application. My Initial Affidavit has been admitted into evidence as Chaparral Hearing Exhibit No. 2. I also provided testimony during the hearing conducted on June 8, 2006.

3. When I submitted my Initial Affidavit, I inadvertently neglected to attach copies of the certified return receipts for Chaparral's notice letter to Weldon L. Dallas and Phoenix Hydrocarbons Operating Corporation. True and correct copies of the certified return receipts are attached hereto as Exhibit A.

COMMISSION CASE NO. 13695
CHAPARRAL EXHIBIT NO. 3

4. On May 30, 2006, Chaparral provided written notice of the hearing, via priority mail, to the Commissioner of Public Lands ("the Commissioner"). *See* Exhibit B to Initial Affidavit. On June 19, 2006, Chaparral provided the Commissioner with a copy of Chaparral's application and notified the Commissioner of the July 6, 2006 hearing. A true and correct copy of the June 19, 2006 letter to the Commissioner is attached hereto as Exhibit B.

5. During the hearing conducted on June 8, 2006, the Hearing Examiner directed me to provide a "before conversion" diagram of the State "K" # 1-21 well that is the subject of Chaparral's application. A true and correct copy of that diagram is attached hereto as Exhibit C.

6. Also during the June 8, 2006 hearing, the Hearing Examiner directed me to provide a diagram of the Bell B well. A true and correct copy of that diagram is attached hereto as Exhibit D.

7. The Hearing Examiner further directed me to provide additional information regarding formation tops down to 9,000 feet. A true and correct copy of a letter setting out the requested information, which was prepared by Chaparral's geologist, is attached hereto as Exhibit E.

Ronald K. Brown

SUBSCRIBED AND SWORN TO before me on this 5th day of July, 2006, by Ronald K. Brown.

Barbara J. Telford
Notary Public

My Commission Expires:
6/15/10

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:

PHOENIX HYDROCARBONS
OPER. CORP.
PO BOX 3638
MIDLAND TX 79702

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X ☐ Agent ☐ Addressee

B. Received by (Printed Name) C. Date of Delivery
Cathy Fisher 5/22/06

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

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

2. Article Number 7005 2570 0001 6578 4588

Receipt 102595-02-M-1540

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:

WELDON L DALLAS
RT. 12 BOX 46
TATUM NM 88267

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X ☐ Agent ☐ Addressee

B. Received by (Printed Name) C. Date of Delivery
5/26/6

D. Is delivery address different from item 1? ☑ Yes
If YES, enter delivery address below: ☐ No

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) 7005 2570 0001 6578 4571

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

EXHIBIT A

Chaparral Energy, L.L.C.

June 19, 2006

New Mexico Commissioner of Public Lands
PO Box 1149
Santa Fe, NM 87504

Re: Application for Salt Water Disposal
OCD Case No. 13695
State K #1-21, API #30-025-22049
Unit K, Sec. 21-11S-33E, Lea Co.

Gentlemen:

Please find enclosed a copy of the Application for Authorization to Inject on the above referenced well. Chaparral Energy, LLC has applied to the NMOCD to convert the State K #1-21 to a salt water disposal well. The application was protested and docketed for hearing on June 8, 2006. The New Mexico Commission of Public Lands office was notified of the hearing but we inadvertently neglected to send a copy of the permit to your office. The hearing that took place on June 8, 2006 has been continued and is scheduled for July 9, 2006.

If you have any questions or require any further information, please contact me or Ron Brown at (405)478-8770. Thank you.

Respectfully,

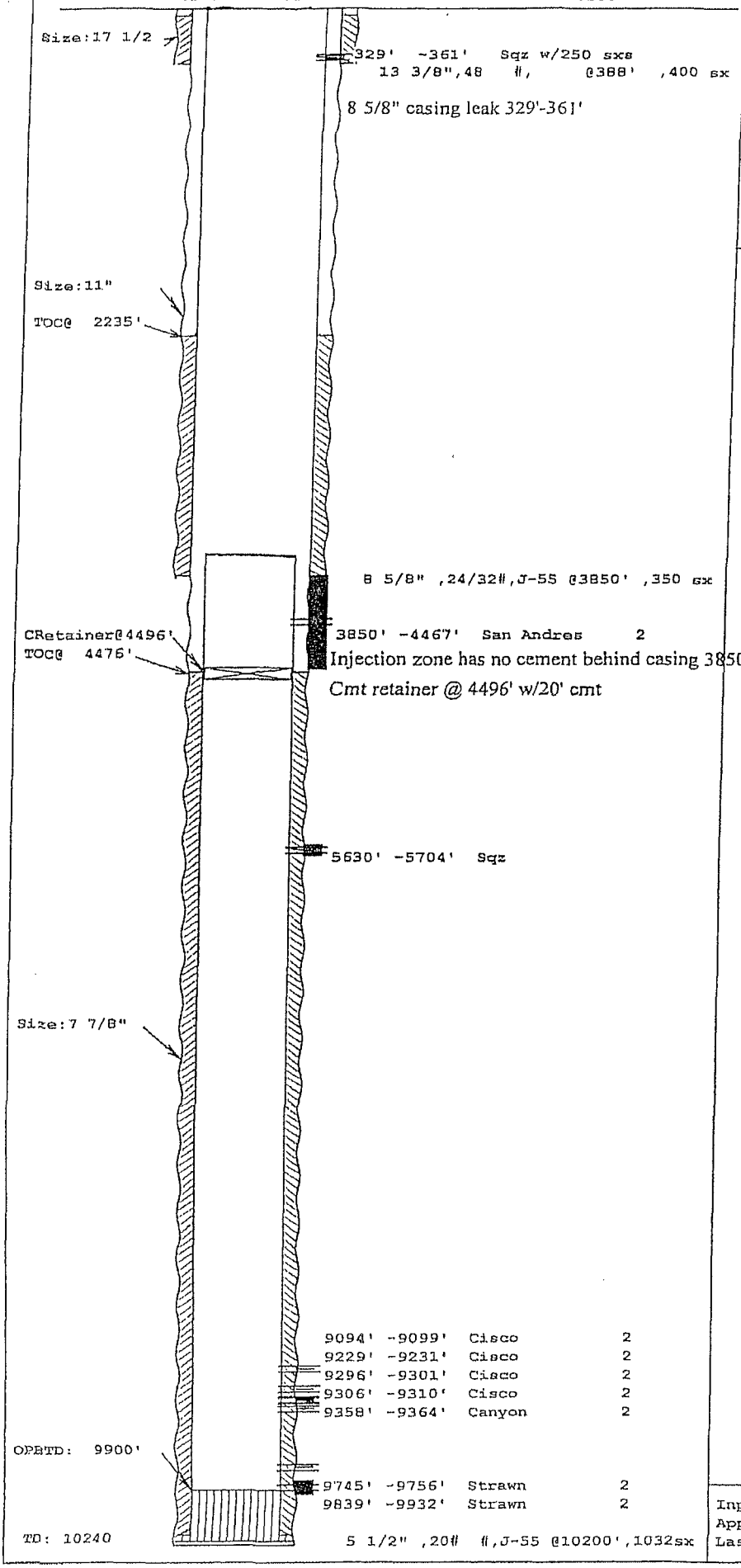
Traci Cornish

Traci Cornish
Engineering Tech

Tc
Enclosures

701 Cedar Lake Blvd., Oklahoma City, Oklahoma 73114 • telephone: 405-478-8770 • facsimile: 405-478-1890

EXHIBIT B



Chaparral Energy, L.L.C.

Well: State 'K' ,1-21 ,690500-
Operator: Chaparral Energy, L.L.C.
Location: Lea Co., NM
Legal: Sec. 21-11S-33E

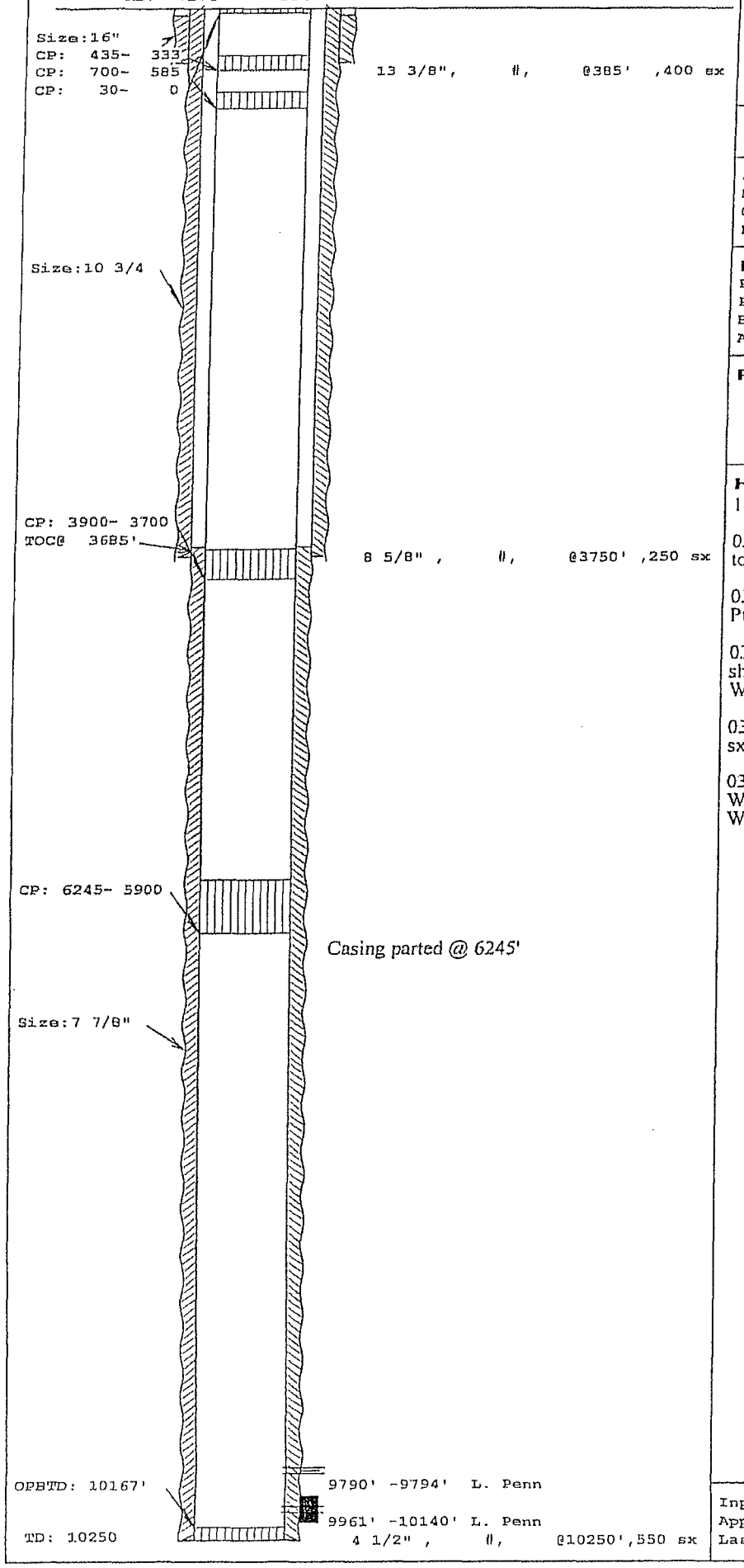
Dir:

Spud Date: 03/02/67
Drilling Finished:
Completion Date: 04/25/67
First Production:

HISTORY:
Proposed conversion to SWD

Input by: Traci
Approved by:
Last Update: 03/06/06

EXHIBIT C



Well: Bell B ,Bell B ,775120-
Operator: Tipperary Oil & Gas
Location: Unit C, 1980' FNL & 660' FWL
Legal: Sec. 21-11S-33E, Lea Co., NM

Dir:

Spud Date: 12/31/66
Drilling Finished:
Completion Date: 02/10/67
First Production: 02/10/67

PUMPING DATA:
PU:
PM:
BHP:
Anchor:

PRODUCTION FACILITY:

HISTORY:

10/11/84 TA'd due to parted csg @ 6245'.

03/21/95 Tagged up w/tbg @ 6245'. Pumped 200 sxs c to 6245'. WOC.

03/22/95 Load hole w/wtr. Mix mud & displace w/muc Pump 25 sxs @ 6245'. WOC 4 hrs. Tag plug @ 5900'.

03/23/95 Cut 4-1/2" csg @ 3850' (100' below 8-5/8" shoe). POH w/csg. Pump 35 sxs plug 3900'-3700'. WOC. Tag plug @ 3685'.

03/24/95 Cut 8-5/8" csg @ 650'. POH w/csg. Set 45 sxs plug @ 700'-600'.

03/27/95 Tag plug @ 585'. Pump 65 sxs plug 435'-335' WOC 4 hrs. Tag @ 333'. Pump 10 sxs plug 30'-surface. Weld on dry hole marker. P&A'd.

Input by: Traci
Approved by:
Last Update: 06/20/06

EXHIBIT D

Chaparral Energy, L.L.C.

June 23, 2006

State of New Mexico
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
1120 South Saint Francis Drive
Santa Fe, NM 87505

Gentlemen:

The State K # 1, 1980 FSL and 1980 FWL Sec. 21, 11S-33E, Lea Co., N.M., was drilled by Bell Petroleum Company in 1967. The Current operator is Chaparral Energy, Inc.

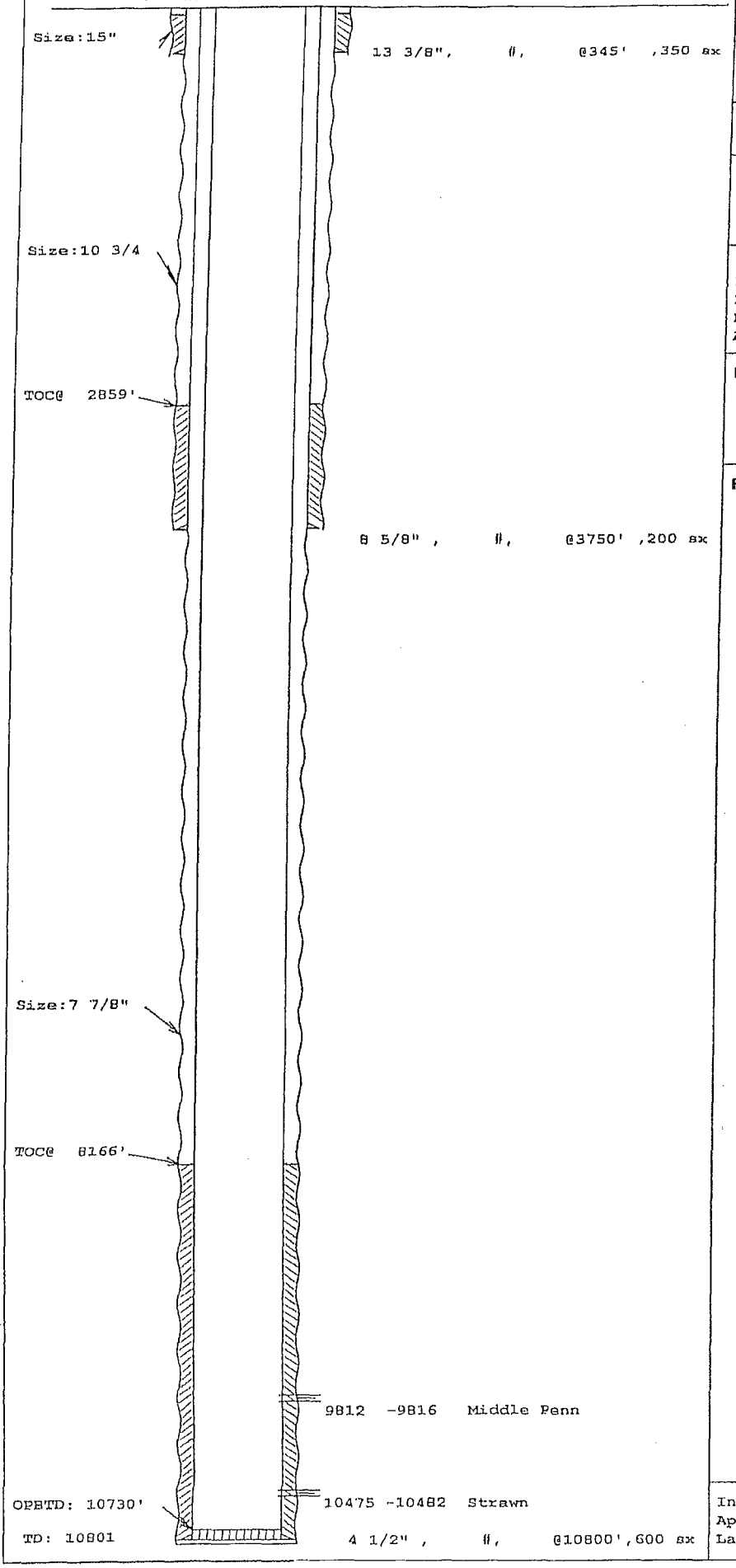
Formation tops in this well are as follows: Anhydrite 1685', Yates 2422', San Andres 3780', Glorieta 5112', Tubb 6500', Abo 7330', Wolfcamp 8526', Strawn 9910'.

Sincerely yours,

David Matz
Geologist
Chaparral Energy

701 Cedar Lake Blvd., Oklahoma City, Oklahoma 73114 • telephone: 405-478-8770 • facsimile: 405-478-1890

EXHIBIT E



Well: Bell A ,Bell A ,775120-
Operator: Phoenix Hydrocarbons
Location: Unit C, 720' FNL & 1980' FWL
Legal: Sec. 21-11S-33E, Lea Co., NM

Dir:

Spud Date:
Drilling Finished:
Completion Date:
First Production:

PUMPING DATA:
PU:
PM:
BHP:
Anchor:

PRODUCTION FACILITY:

HISTORY:

Input by: leigh
Approved by:
Last Update: 6/29/05

COMMISSION CASE NO. 13695
CHAPARRAL EXHIBIT NO. 4

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

2006 JUL 19 PM 3 24

APPLICATION OF CHAPARRAL ENERGY, LLC FOR APPROVAL OF A SALT-WATER DISPOSAL WELL, LEA COUNTY, NEW MEXICO

CASE NO. 13695

SUPPLEMENTATION OF HEARING RECORD
BY APPLICANT CHAPARRAL ENERGY, L.L.C.

Applicant Chaparral Energy, L.L.C. ("Chaparral") hereby supplements the hearing record by filing the certified mail return receipt ("return receipt") for Chaparral's notice letter to the New Mexico Commissioner of Public Lands ("Commissioner"). A true and correct copy of the return receipt is attached hereto as Exhibit A. During the hearing in this matter conducted on July 6, 2006, a copy of Chaparral's notice letter to the Commissioner was offered into evidence; however, Chaparral had not yet received the return receipt as of the date of the hearing. *See* June 19, 2006 Letter from T. Cornish of Chaparral to the Commissioner, attached as Exhibit B to the Supplemental Affidavit of Ronald K. Brown, which has been admitted into evidence as Chaparral Exhibit No. 3. Consequently, Chaparral is now supplementing the hearing record by filing the return receipt.

HINKLE, HENSLEY, SHANOR & MARTIN, LLP

Gary W. Larson
Post Office Box 2068
Santa Fe, NM 87504-2068
505.982.4554

Attorney for Chaparral Energy, LLC

COMMISSION CASE NO. 13695
CHAPARRAL EXHIBIT NO. 5

CERTIFICATE OF SERV ICE

I hereby certify that a copy of the foregoing ***Applicant Chaparral Energy, L.L.C.'s Supplementation of Hearing Record*** was mailed this 19th day of July, 2006, to:

Weldon L. Dallas
HC-12 Box 46
Tatum, NM 88267

New Mexico Commissioner of Public Lands
Post Office Box 1149
Santa Fe, NM 87504

Gary W. Larson

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
■ 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.	A. Signature X ☐ Agent ☐ Addressee B. Received by (Printed Name) C. Date of Delivery D. Is delivery address different from item 1? ☐ Yes If YES, enter delivery address below: ☐ No RECD JUL 10 2006
1. Article Addressed to: NEW MEXICO COMMISSIONER OF PUBLIC LANDS PO BOX 1149 SANTA FE, NM 87504	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)	7005 2570 0001 6578 4625

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

EXHIBIT A

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

APPLICATION OF CHAPARRAL ENERGY, LLC FOR APPROVAL OF A SALT-WATER DISPOSAL WELL, LEA COUNTY, NEW MEXICO

CASE NO. 13695

NOTICE OF EXECUTION OF AGREED COMPLIANCE ORDER

Applicant Chaparral Energy, L.L.C. ("Chaparral") hereby provides notice that on July 31, 2006, Chaparral executed an Agreed Compliance Order (NMOCD-ACOI-139) which addresses Chaparral's inactive wells that are out of compliance with Rule 40. The Agreed Compliance Order was executed on behalf of the Division Director on August 7, 2006.

HINKLE, HENSLEY, SHANOR & MARTIN, LLP

Gary W. Larson, Esq.
Post Office Box 2068
Santa Fe, NM 87504-2068
505.982.4554

Attorney for Chaparral Energy

2006 AUG 10 PM 3 30

COMMISSION CASE NO. 13695
CHAPARRAL EXHIBIT NO. 6

CERTIFICATE OF SERVICE

I hereby certify that a copy of *Notice of Execution of Agreed Compliance Order* was mailed this 10th day of August, 2006, to:

New Mexico Commissioner of Public Lands
Post Office Box 1149
Santa Fe, NM 87504

Weldon L. Dallas
HC-12 Box 46
Tatum, NM 88267

Gary W. Larson

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 13695
ORDER NO. R-12616

APPLICATION OF CHAPARRAL ENERGY, LLC FOR APPROVAL OF A SALT WATER DISPOSAL WELL, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on June 8, 2006 and on July 6, 2006, at Santa Fe, New Mexico, before Examiners William V. Jones and Richard Ezeanyim.

NOW, on this 30th day of August, 2006, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Chaparral Energy, LLC ("Chaparral"), seeks authority to utilize its State K Well No. 1 (API No. 30-025-22049) located 1980 feet from the South line and 1980 feet from the West line, Section 21, Township 11 South, Range 33 East, NMPM, Lea County, New Mexico, to dispose of produced water into the San Andres formation at open-hole depths from 3850 feet to 4469 feet.

(3) On August 12, 2005, Chaparral submitted an administrative application to the Division asking for approval of this well for injection of salt water. On July 18, 2005 the Division received a letter of protest from the surface lessee, Mr. Weldon L. Dallas of Tatum, New Mexico. On March 6, 2006, the Division received a request from Chaparral to place this application on a hearing docket.

(4) This case was presented to the Division on June 8 with testimony from a Chaparral engineer. The case was then continued until July 6, 2006, at which time Chaparral presented additional proof of notice and wellbore diagrams within the area of review. The case was taken under advisement on July 6, with the understanding that

Chaparral would come under compliance with Division Rule 40 requirements within one month.

(5) The objection letter from Weldon L. Dallas mentioned a concern that this injection well may contaminate ground water. Mr. Dallas did not enter an appearance in this case and was not present at either of the two hearings.

(6) No other party entered an appearance in this case or otherwise opposed this application.

(7) Chaparral presented exhibits and testimony at the June 8, 2006 hearing as follows.

(a) The subject well was drilled in 1967 as a Permo-Penn producer. At that same time the well was approved for injection by the Division, and briefly used for injection down the bradenhead into the same interval as is now proposed.

(b) As preparation for this application, Chaparral has repaired an 8-5/8 inch casing leak at 329 feet and then pressure tested the 8-5/8 inch casing from surface to 3,722 feet. If approved for injection, Chaparral plans to install 5-1/2 inch casing inside the 8-5/8 inch casing and cement it to the surface.

(c) Chaparral intends to initially use the subject well only for disposal of produced water from one other well, which is also located on this lease.

(8) The proposed open-hole injection interval is bounded on the bottom by a retainer and cement and will be bounded on the top by two cemented casing strings. An injection survey done after injection has begun would verify the competency of the bottom plug as well as determine which intervals in the open hole are taking fluid.

(9) Chaparral supplied two fresh water analyses from nearby wells as part of this application. These indicate ground water in this area at this time contains 500 to 650 milligrams per liter of "total dissolved solids". The injection well when equipped as proposed by Chaparral should isolate ground water from any fluids disposed of into this wellbore.

(10) Chaparral has recently met the requirements of Rule 40 and has made application for saltwater disposal pursuant to all requirements within Rule 701B.

(11) The operator should take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

(12) There are four wells within ½ mile of this proposed injection well without adequate cement to prevent vertical migration of injected fluids. The following remedial cementing work should be done prior to any injection into the subject well.

(a) The State "K" Well No. 2 (API No. 30-025-22478) was drilled in 1968, is now operated by Chaparral, and is an inactive producer. This well must be plugged and abandoned with a procedure approved by the Division's district office and designed to isolate the injection interval from 3850 feet to 4469 feet.

(b) The State "K" Well No. 3 (API No. 30-025-37061) was drilled in 2005 and is operated by Chaparral. This well must have cement squeezed behind pipe at approximately 4469 feet to prevent movement of injected fluid below the intended injection interval.

(c) The Bell "B" Well No. 1 (API No. 30-025-21954) was drilled in 1967 and has been plugged and abandoned. Unless a stage cement diverter tool was used, the cement top on the 4-1/2 inch casing is below the bottom of the intended injection interval. Unless additional records confirming the presence of this stage tool are located, this well must be re-entered and the 4-1/2 inch casing perforated and squeezed at approximately 4469 feet to prevent movement of injected fluid below the intended injection interval.

(d) The Bell "A" Well No. 1 (API No. 30-025-21783) was drilled in 1966, is operated by Phoenix Hydrocarbons, and produces from the North Bagley-Permo Penn Pool (3820). In order to protect fresh water and prevent movement of injected fluid out of zone, this well must have the 4-1/2 inch casing perforated below 4469 feet and cement squeezed into the annulus to a height above the bottom of the 8-5/8 inch casing at 3750 feet.

(13) This application to inject saltwater into the San Andres formation should be approved with the following stipulations pertaining to the proposed injection well.

(a) An additional casing should be installed from surface to 3850 feet and cemented to the surface.

(b) Plastic-lined tubing should be installed in this well with a plastic lined packer located within 100 feet of the top of the injection interval. The casing-tubing annulus should be loaded with an inert fluid and equipped with a pressure gauge or an approved leak detection device in order to determine leakage in the casing, tubing, or packer. The casing-tubing annulus should be pressure tested from the surface to the packer setting depth to assure mechanical integrity.

(c) Surface injection pressure should be constantly monitored and restricted to a maximum gradient of 0.2 psi per foot above the top permitted

depth. This maximum pressure should be increased only upon proof that additional pressure will not result in fluid movement out of zone.

(d) Injection should be confined to the San Andres formation and within open-hole depths of 3850 feet to 4469 feet. An injection profile log should be run within six months of commencing injection in order to determine which intervals in the San Andres are taking fluid and to verify all injection fluid is staying in zone.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Chaparral Energy, LLC ("Chaparral"), **is hereby permitted** to utilize its State K Well No. 1 (API No. 30-025-22049) located 1980 feet from the South line and 1980 feet from the West line, Section 21, Township 11 South, Range 33 East, NMPM, Lea County, New Mexico, to dispose of produced water into the San Andres formation through an open-hole interval from 3850 feet to 4469 feet.

(2) The following remedial operations are required on wells within the area of review prior to any injection in the State K Well No. 1.

(a) The State "K" Well No. 2 (API No. 30-025-22478) shall be plugged and abandoned with a procedure approved by the Division's district office and designed to isolate the injection interval from 3850 feet to 4469 feet.

(b) The State "K" Well No. 3 (API No. 30-025-37061) shall have cement squeezed behind pipe at approximately 4469 feet to prevent movement of injected fluid below the intended injection interval.

(c) The Bell "B" Well No. 1 (API No. 30-025-21954) shall be re-entered and the 4-1/2 inch casing perforated and squeezed at approximately 4469 feet to prevent movement of injected fluid below the intended injection interval. The well shall then be re-plugged to the surface and the site abandoned.

(d) The Bell "A" Well No. 1 (API No. 30-025-21783) shall have the 4-1/2 inch casing perforated below 4469 feet and cement squeezed into the annulus to a height above the bottom of the 8-5/8 inch casing at 3750 feet.

(3) The following operations, equipping and testing shall be done on the approved injection well prior to injection.

(a) An additional casing shall be installed from surface to approximately 3850 feet and cemented to the surface.

(b) Plastic-lined tubing shall be installed in this well with a plastic lined packer located within 100 feet of the top of the injection interval. The

casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge or an approved leak detection device in order to determine leakage in the casing, tubing, or packer.

(c) The casing-tubing annulus shall be pressure tested from the surface to the packer setting depth to assure mechanical integrity.

(4) The operator shall provide written verification to the Engineering Bureau in the Santa Fe office of the Division of completion of the foregoing requirements in ordering paragraphs (2) and (3). **The operator shall not commence injection until the Division issues written confirmation that these pre-injection requirements have been completed.**

IT IS FURTHER ORDERED THAT:

(5) The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

(6) The wellhead injection pressure on the well shall be limited to **no more than 770 psi.** In addition, the injection well or system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface injection pressure to the maximum allowable pressure for this well. The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the injection formation. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

(7) The operator shall provide written notice of the date of commencement of injection to the district office of the Division. The operator shall report the estimated initial static reservoir pressure of the injection interval on a sundry report. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Rule Nos. 706 and 1120 of the Division Rules and Regulations.

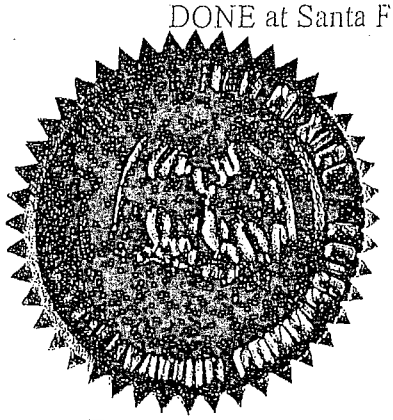
(8) The operator shall immediately notify the district office of the Division of the failure of the tubing, casing, or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

(9) Injection shall be confined to the San Andres formation through specific injection intervals as detailed above. A temperature and radioactive tracer injection profile log shall be run within 6 months of commencing injection in order to determine which intervals in the San Andres are taking fluid, and to see if injection fluid is moving vertically, near the wellbore, out of the permitted injection interval. The log of the survey results shall be supplied to the Engineering Bureau of the Division in Santa Fe.

(10) In accordance with Rule No 705.C, the injection authority granted herein for each well shall terminate one year after the effective date of this order if the operator has not commenced injection operations into that well, and will terminate *ipso facto*, one year after injection operations into that well have ceased.

(11) Jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the injection authority granted herein.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

for MARK E. FESMIRE, P.E.
DIRECTOR