

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

NMOCD – ACOI- 139-A

IN THE MATTER OF CHAPARRAL ENERGY LLC,

Respondent.

**AMENDED
AGREED COMPLIANCE ORDER**

Pursuant to Ordering Paragraph 4 of Agreed Compliance Order 139, the Director of the Oil Conservation Division (“OCD”) hereby amends that order as follows:

FINDINGS

1. Agreed Compliance Order 139 (ACOI 139) requires Chaparral Energy LLC (Operator) to return to compliance with OCD Rule 201 at least five of the wells identified in ACOI 139 by January 30, 2007, and file a compliance report by that date.

2. ACOI 139 further provides that if Operator returns to compliance with OCD Rule 201 at least five of the identified wells by January 30, 2007, and files a timely compliance report, the OCD shall issue an amendment extending the terms of ACOI 139 for an additional six-month period, requiring Operator to return the remaining non-compliant wells identified in ACOI 139 to compliance by that deadline.

3. ACOI 139 further provides that if Operator fails to return to compliance with OCD Rule 201 at least five of the identified wells, Operator shall be subject to penalties, and the OCD will have the discretion to issue, or not issue, an amendment to ACOI 139 extending its terms. Operator may seek a waiver or reduction of the penalty.

4. Operator filed a timely compliance report, stating that it returned the following wells to compliance by placing the wells on approved temporary abandonment status in January 2007:

- | | |
|--|--------------|
| • West Dollarhide Queen Sand Unit #1 | 30-025-12212 |
| • West Dollarhide Queen Sand Unit #102 | 30-025-30172 |
| • West Dollarhide Queen Sand Unit #107 | 30-025-30173 |
| • West Dollarhide Queen Sand Unit #133 | 30-025-30355 |
| • West Dollarhide Queen Sand Unit #137 | 30-025-30275 |

5. OCD well files for the wells identified above do not show that the wells were placed on approved temporary abandonment status in January. The Hobbs District

Office of the OCD has confirmed that the OCD has approved temporary abandonment status on the following wells until dates in 2011:

- West Dollarhide Queen Sand Unit #1 30-025-12212
- West Dollarhide Queen Sand Unit #107 30-025-30173
- West Dollarhide Queen Sand Unit #133 30-025-30355
- West Dollarhide Queen Sand Unit #137 30-025-30275

6. The Hobbs District Office of the OCD has no paperwork showing that the following well is on approved temporary abandonment status:

- West Dollarhide Queen Sand Unit #102 30-025-30172

CONCLUSIONS

1. Operator failed to meet its goal of returning five of the wells identified in ACOI 139 to compliance with Rule 201 by January 30, 2007, falling short of its goal by one well.

2. Under the terms of ACOI 139, Operator is subject to a \$1,000 penalty.

3. The OCD has determined to waive the \$1,000 penalty and amend ACOI 139 to extend its terms for an additional six-month period.

ORDER

1. By July 31, 2007, Operator shall return to compliance with Rule 201 all non-compliant wells still operated by Operator identified in ACOI 139.

2. Operator shall file a compliance report by July 31, 2007 using the Oil Conservation Division's web-based on-line application. If the on-line application is not available, Operator shall file a written compliance report

3. The terms of ACOI 139 otherwise remain in effect.

Done at Santa Fe, New Mexico this 9th day of February, 2007

By: 

Mark Fesmire, P.E.

Director, Oil Conservation Division