



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

MARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

December 6, 2002

CERTIFIED MAIL
RETURN RECEIPT NO: 7001-1940-0004-7923-0599

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

**RE: ABATEMENT PLAN (AP-18)
SOUTH LANGLEIE JAL UNIT
JAL, NEW MEXICO**

Dear Mr. Lang:

The New Mexico Oil Conservation Division (OCD) has reviewed Chaparral Energy, Inc.'s (Chaparral) November 7, 2002 correspondence titled "TRANSFER OF OWNERSHIP, SOUTH LANGLEIE JAL UNIT (AP-18), SEC 7, 8, 17 & 18 - T25S - R37E, LEA COUNTY, NEW MEXICO". This document states that Chaparral has transferred ownership, operations and control of South Langlie Jal Unit located in portions of Sections 7, 8, 17 and 18 of Township 25 South, Range 37 East, Lea County, New Mexico to Ricky Smith Oil & Gas Corporation. The document also included a copy of a letter that Chaparral sent to Ricky Smith Oil & Gas Corporation prior to the transfer notifying them of the existence of the OCD required abatement plan for the South Langlie Jal Unit.

According to NMAC 19.15.1.19.C.(2) Chaparral is required to:

"notify the transferee in writing, at least thirty (30) days prior to the transfer, that abatement plan has been required or approved for the facility, and shall deliver or send by certified mail to the Director a copy of such notification together with a certificate or other proof that such notification has in fact been received by the transferee. The transferor and transferee may agree to a designated responsible person who shall assume the responsibility to conduct the actions required by Section 19.15.1.19 NMAC. The responsible persons shall notify the Director in writing if a designated responsible person is agreed upon."

While Chaparral provided a copy of a notification letter sent to Ricky Smith Oil & Gas Corporation, Chaparral did not provide a certificate or proof that the notification was received by the transferee.

OCD Exhibit No. 28
Case No. 13061

~~July 15, 2004~~ ~~Sept 7, 2004~~
9/NOV 12, 2005

In addition, OCD has not received a written notice from Chaparral and Ricky Smith Oil & Gas Corporation regarding whether they have agreed as to which party shall assume responsibility for the abatement plan. OCD requires that Chaparral provide this information to the OCD Santa Fe Office by December 13, 2002.

Please be aware that, pursuant to NMAC 19.15.1.19.C.(2), Chaparral is still a responsible party for the South Langlie Jal Unit abatement plan. On August 5, 2002 OCD granted Chaparral an extension of the deadline for submission of a Stage 1 investigation report of the extent of contamination related to Chaparral's South Langlie Jal Unit from July 31, 2002 to October 31, 2002. Due to impacts of contaminated ground water on private domestic water wells, OCD advised Chaparral that this case would be referred to a Division hearing if the October 31, 2002 deadline was not met. To date OCD has not received the required Stage 1 investigation report and therefore we are referring this case to Division counsel for further action.

If you have any questions, please contact Bill Olson at (505) 476-3491.

Sincerely,



for Roger C. Anderson
Environmental Bureau Chief

RCA/wco

cc: David K. Brooks, OCD attorney
Chris Williams, OCD Hobbs District Office
Mary C. Claiborne, Mayor, City of Jal
Clay Osborn
Carroll H. Leavell
Darrell E. Bailey
Darold E. Stephenson & JoAn R. Stephenson