

November 15, 2006

Attention: Alexis Swoboda
Bureau of Land Management
2909 West Second Street
Roswell, NM 88021

Attention: Ed Martin
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87503

Attention: Pete Martinez
Commissioner of Public Lands
Oil, Gas and Minerals Division
New Mexico State Land Office
P.O. Box 1148
Santa Fe, NM 87504-1148

Re: 2006 / 2007 Plan of Development and Operation
Revised Exhibit B
Cat Head Mesa Unit Area
Socorro County, New Mexico

2006 NOV 16 AM 10 16


Gentlemen:

Enclosed for your review and approval is Chaparral's 2006 / 2007 Plan of Development for the Cat Head Mesa Unit. As you will note Chaparral is planning on re-completing the 3 existing wells and subject to receiving our permit should be able to begin drilling the CHMU #4 well in the near future, and will continuing to drill additional wells based on successful completion.

Also enclosed is the Fifth Revision of the Exhibit B dated 11-15-06. While Chaparral currently has no Working Interest in the Unit, we will be earning our interest by re-completing the current wells and for each well drilled within the unit area. The terms of for earning the interest in the unit are specified on Page 5 under the Ownership of the working interest detail.

Should you have any questions regarding this matter, please feel free to contact me at 405-426-4379. I appreciate your consideration.

Very truly yours,



Sandy Ellis
Senior Landman



Chaparral

Energy, L.L.C.

November 14, 2006

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Re: 2006 / 2007 Plan of Development and Operation
Cat Head Mesa Unit Area
Socorro County, New Mexico

Gentlemen:

Chaparral CO2, L.L.C.. as the Operator of the Cat Head Mesa Unit Agreement No. NMNM 106852X, Socorro County, New Mexico, requests your approval of the following proposed 2006 / 2007 Plan of Development and Operation of the Cat Head Mesa Unit Area.

The 2006 / 2007 Plan of Development and Operation of the Cat Head Mesa Unit Area. By December 1, 2006, further testing and possible completion of the No. 2 CHMU (AKA Dulce Draw #1) well is planned to be followed by the testing and possible completion of the No. 1 CHMU well and the No. 3 CHMU well. Upon approval of the APD, which will be submitted by December 1, 2006, Chaparral plans on drilling of the No. 4 CHMU well at the following location on federal lands: 1,780' FNL & 660' FWL of Section 23, T4S, R9E, Socorro Co., NM. Upon successful completion of this well Chaparral plans to continuously drill additional wells within the Unit Area with not more than 180 days elapsing between the completion or plugging of one well and the commencement of another. All wells will be drilled in compliance with the terms of the Unit Agreement to a minimum depth equal to the top of the Precambrian formation or 4,300 feet, whichever is the lesser depth. Chaparral's primary interest in the Cat Head Mesa Unit is for the production of CO2 and the incidental production of Helium. Chaparral plans to continuously develop the unit for these resources.



November 14, 2006
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If you approve, please so indicate in the space provided below and return a copy of this letter to us.

Very truly yours,

Chaparral CO2, L.L.C

By: Martha L. Marshall
Martha L. Marshall
Attorney at Law

We approve the proposed 2006 / 2007 Plan of Development and Operation of the Cat Head Mesa Unit Area described above:

Bureau of Land Management

Date

New Mexico Commissioner of Public Lands

Date

New Mexico Oil Conservation Division

Date

DLS/sse

Tract No.	Description	Acres	Lease No. and Expiration Date	Basic Royalty	Lessee of Record	Overriding Royalty	Working Interest
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FEDERAL LANDS

1	<u>T. 4 S., R. 8 E.</u> Sec. 3: Lots 1-4, S2, S2N2 (All) Sec. 10: All Sec. 11: All Sec. 14: S2N2, S2	2,400.76	NM 91532 8-31-03	12.5%	*	**5.075892%	***
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2	<u>T. 4 S., R. 8 E.</u> Sec. 12: All Sec. 13: All Sec. 23: E2 Sec. 24: All	2,240.00	NM 91533 8-31-03	12.5%	*	**5.075892%	***
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3	<u>T. 4 S., R. 9 E.</u> Sec. 4: Lots 1-4, S2, S2N2 (All) Sec. 5: Lots 1-4, S2, S2N2 (All) Sec. 8: N2, W2SW, S2SE Sec. 9: All	2,406.76	NM 91534 8-31-03	12.5%	*	**5.075892%	***
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4	<u>T. 4 S., R. 9 E.</u> Sec. 6: Lots 1-7, S2NE, SENW, SE, E2SW (All) Sec. 7: Lots 1-4, E2, E2W2 (All) Sec. 17: E2, W2W2 Sec. 18: Lots 1-4, E2, E2W2 (All)	2,388.27	NM 91535 8-31-03	12.5%	*	**5.075892%	***
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5	<u>T. 4 S., R. 9 E.</u> Sec. 10: All Sec. 13: W2, W2SE Sec. 14: All Sec. 15: All	2,320.00	NM 91636 8-31-03	12.5%	*	**5.075892%	***
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Cat Head Mesa Unit

6	<u>T. 4 S., R. 9 E.</u> Sec. 19: Lots 1-4, E2, E2S2, (All) Sec. 20: N2NE, W2NW, S2	2,395.88	NM 91537 8-31-03	12.5%	*	**5.075892%	***
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Sec. 21: All
Sec. 22: All

7 T. 4 S., R. 9 E. 2,770.00 NM 91538 8-31-03 12.5% * **5.075892% ***

Sec. 23: All
Sec. 24: W2E2, W2, SESE
Sec. 25: All
Sec. 26: All

8 T. 4 S., R. 9 E. 2,480.00 NM 91539 8-31-03 12.5% * **5.075892% ***

Sec. 27: All
Sec. 33: All
Sec. 34: N2, N2S2, S2SW
Sec. 35: All

9 T. 4 S., R. 9 E. 2,551.84 NM 91540 8-31-03 12.5% * **5.075892% ***

Sec. 28: All
Sec. 29: All
Sec. 30: Lots 1-4, E2, E2W2 (All)
Sec. 31: Lots 1-4, E2, E2W2 (All)

10 T. 3 S., R. 9 E. 1,756.28 NM 91587 9-30-03 12.5% * **5.075892% ***

Sec. 31: Lots 1-4, E2, E2W2 (All)
T. 4 S., R. 9 E.
Sec. 3: Lots 1-4, S2N2, N2S2
Sec. 11: All

11 T. 3 S., R. 8 E. 320.00 NM 93025 8-31-03 12.5% * **5.075892% ***

Sec. 35: S2

12 T. 3 S., R. 9 E. 320.00 NM 93026 8-31-03 12.5% * **5.075892% ***

Sec. 33: S2

13 T. 4 S., R. 8 E. 240.00 NM 93028 8-31-03 12.5% * **5.075892% ***

Sec. 15: S2NE, SE
Cat Head Mesa Unit

<u>Tract No.</u>	<u>Description</u>	<u>Acres</u>	<u>Lease No. and Expiration Date</u>	<u>Basic Royalty</u>	<u>Lessee of Record</u>	<u>Overriding Royalty</u>	<u>Working Interest</u>
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14 T. 4 S., R. 9 E. 320.00 NM 93029 3-31-04 12.5% * **5.075892% ***

Sec. 12: W2

15 T. 5 S., R. 9 E. 1,920.00 NM 97648 9-30-06 12.5% * **5.075892% ***

Sec. 3: S2, S2NW
Sec. 4: SE, S2NE
Sec. 9: E2
Sec. 10: All
Sec. 11: N2

STATE LANDS

16	<u>T. 3 S., R. 8 E.</u> Sec. 36: S2	320.00	LH 4434 6-1-03	12.5%	*	**5.075892%	***
17	<u>T. 3 S., R. 9 E.</u> Sec. 32: S2	320.00	LH 4437 6-1-03	12.5%	*	**5.075892%	***
18	<u>T. 4 S., R. 8 E.</u> Sec. 1: Lots 1-4, S2, S2N2 (All)	640.24	LH 4439 6-1-03	12.5%	*	**5.075892%	***
19	<u>T. 4 S., R. 8 E.</u> Sec. 2: Lots 1-4, S2, S2N2 (All)	640.52	LH 4440 6-1-03	12.5%	*	**5.075892%	***
20	<u>T. 4 S., R. 8 E.</u> Sec. 25: All	640.00	LH 4442 6-1-03	12.5%	*	**5.075892%	***
21	<u>T. 4 S., R. 8 E.</u> Sec. 36: E2	320.00	LH 4446 6-1-03	12.5%	*	**5.075892%	***
22	<u>T. 4 S., R. 9 E.</u> Sec. 2: Lots 1-4, S2, S2N2 (All)	640.60	LH 4447 6-1-03	12.5%	*	**5.075892%	***
23	<u>T. 4 S., R. 9 E.</u> Sec. 16: All	640.00	LH 4448 6-1-03	12.5%	*	**5.075892%	***
24	<u>T. 4 S., R. 9 E.</u> Sec. 17: E2W2 Cat Head Mesa Unit	160.00	LH 4449 6-1-03	12.5%	*	**5.075892%	***
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Tract No.	Description	Acres	Lease No. and Expiration Date	Basic Royalty	Lessee of Record	Overriding Royalty	Working Interest
25	<u>T. 4 S., R. 9 E.</u> Sec. 32: All	640.00	LH 4450 6-1-03	12.5%	*	**5.075892%	***
26	<u>T. 4 S., R. 9 E.</u> Sec. 34: S2SE	80.00	LH 4451 6-1-03	12.5%	*	**5.075892%	***
27	<u>T. 4 S., R. 9 E.</u> Sec. 36: All	640.00	LH 4452 6-1-03	12.5%	*	**5.075892%	***
28	<u>T. 5 S., R. 8 E.</u> Sec. 1: Lots 1,2, SE, S2NE	283.42	LH 4453 6-1-03	12.5%	*	**5.075892%	***
29	<u>T. 5 S., R. 9 E.</u> Sec. 2: Lots 1-4, S2, S2N2 (All)	567.60	LH 4460 6-1-03	12.5%	*	**5.075892%	***

PATENTED LANDS

30	<u>T. 4 S., R. 8 E.</u>	3,466.87	Harvey Mineral	12.5%	*	**5.075892%	***
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Sec. 14: N2N2
Sec. 15: N2NE
T. 5 S., R. 9 E.
Sec. 3: Los 1-4, S2NE
Sec. 4: Lots 1-4, S2NW, SW
Sec. 5: Lots 1-4, S2, S2N2 (All)
Sec. 6: Lots 1-7, SENW, E2SW,
S2NE, SE (All)
Sec. 7: Lots 1-4, E2, E2W2, (All)
Sec. 8: All
Sec. 9: W2

Trust
10-16-05

31	T. 4 S., R. 9 E. Sec. 3: S2S2 Sec. 8: N2SE, E2SW Sec. 13: E2E2, W2NE Sec. 20: S2NE, E2NW Sec. 24: E2NE, NESE	840.00	Harvey Mineral Trust 11-20-05	****	12.5%	*	**5.075892%	***
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Cat Head Mesa Unit

*The Lessee of Record of all 31 Tracts in the Unit Area is Inter-American Corporation.
**Ownership of the 5.075892% overriding royalty interest of all 31 Tracts in the Unit Area is as follows:

Bowerman Energy Company	0.065965	JMA Exploration, Ltd.	0.070963
Bright & Company	0.060908	Mabel, LLC	0.250000
Donegan, LLC	0.500000	MJR Investment Corporation	0.064851
E. S. Mayer & Sons, Ltd.	0.070963	Nolan, LLC	0.250000
Frizzell Exploration Company II	0.895076	Saxon Oil Company	0.047314
Robert D. and Frances E. Gunn	0.671306	The Rudman Partnership	0.156120
Nelson Bunker Hunt	0.250000	The Rudman Partnership	0.075892 +
Integras Resources, Inc.	0.250000	Tejon Exploration Company	0.070963
Jacobs Exploration, Ltd.	0.171510	Tucker-Scully Interests, Ltd.	0.223769
JHJ Exploration, Ltd.	0.671306	Warren, Inc.	0.258986

+The Rudman Partnership 0.075892% overriding royalty interest is payable out of the Benson-Montin-Greer Drilling Corporation (0.008561%), CO-2 Norway AS (0.000695%), Element Markets, Inc. (0.000695%), GHG Partners, LLC (.002088%), Max Alan Hale (0.000696%), Inter-American Corporation (0.012750%), MJR Investment Corporation (0.011956%), Paisano Partners LP (0.001414%), Reliant Processing, Ltd. (0.005977%), Primero Operating, Inc. (0.001402%), Tejon Exploration Company (0.02218%) and Warren, Inc. (0.007627%) working interests.

***Ownership of the 100.0% working interest of all 31 Tracts in the Unit Area is as follows.

Benson-Montin-Greer Drilling Corporation	11.177673
CO-2 Norway AS	1.015758
Element Markets, Inc.	1.015758
Bill Fenn	5.268774
GHG Partners, LLC.	3.047273
Max Alan Hale	1.015758
Inter-Amecian Corporation	18.610640
JMA Oil Properties, Ltd.	2.515268
MJR Investment Corporation	10.000000
Paisano Partners LP.	1.846756
Reliant Processing, Ltd.	5.078789
Primero Operating, Inc.	1.875857
Tejon Exploration Company	27.531696
Warren, Inc.	10.000000

Chaparal CO2 LLC will earn a 40% working interest by re-entering and testing the 3 existing wells and drilling a new well pursuant to the the terms of the Unit Agreement. For each additional well drilled within the unit area, Chaparal will earn an additional 20% working interest in the unit up to a 100% working interest. After conversion of certain ORRi's, Chaparal will have a 75% Unit Working Interest.

Cat Head Mesa Unit

****The per cent ownership of the 12.5% Basic Royalty of Tract No. 31 is as follows:

Knollene L. McDaniel Trust	17.240830
Roe Lovelace	25.000002
Judith Ann Lovelace	4.740834
Carole Lynn Lovelace	1.580278
Noel Holt Lovelace	1.580278
Dru Wynn Lovelace King	1.580278
Joan Collinson Deming	15.518355
Jean Collinson Suggs	15.518335
Carl L. Johnson	8.620415
Claude Freeman	0.350558
Harry L. Bevers	2.901073
Marion Blake Trust #1	3.512586
Jack W. Russell	2.110356

SUMMARY		
	Acres	Per Cent of Unit Area
Federal Lands	26,499.79	70.97
State Lands	6,532.38	17.5
Patented Lands	4,306.87	11.53
	37,339.04	100.00