



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Response Required – Deadline Enclosed

Field Inspection Program

"Preserving the Integrity of Our Environment"

24-Mar-08

CHAPARRAL ENERGY LLC

701 CEDAR LAKE BLVD

OKLAHOMA CITY OK 73114

LETTER OF VIOLATION - Inspection

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date(s) indicated.

Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

INSPECTION DETAIL SECTION

H H HARRIS No.002

O-35-12S-38E

30-025-20931-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
03/24/2008	Routine/Periodic	Maxey Brown	Yes	No	6/27/2008	iMGB0808444511
Violations						
General Housekeeping (Rule 114)						
Comments on Inspection: Location needs attention. Equipment OK. RULE 114. NEED TO REMOVE SURPLUS TUBING AND RODS, MISC. JUNK FROM LOCATION. ALSO REMOVE PIECES OF TANK STEEL LEFT OUTSIDE FENCED BATTERY YARD. THIS IS 1ST LETTER OF NON-COMPLIANCE.						

YATES STATE No.001

P-16-12S-38E

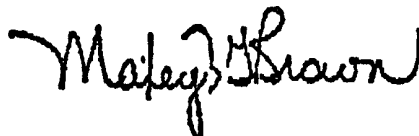
30-025-30034-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
03/24/2008	Routine/Periodic	Maxey Brown	Yes	No	4/27/2008	iMGB0808435785
Violations						
Absent Well Identification Signs (Rule 103)						
Seismic						

Comments on Inspection: TANK BATTERY HAS LEAKED OR TANK HAS RAN OVER CAUSING OIL TO RUN NORTH OF TANKS. RULE 116. REMOVE OIL CONTAMINATED SOIL. SUBMIT C-141 TO HOBBS OCD OFFICE-LARRY JOHNSON 575-393-6161 EXT FOR APPROVAL FOR CLEANUP PRIOR TO BEGINNING WORK. ALSO SIGN ON PUMPING UNIT IS INCORRECT. RULE 103. CORRECT WITH CURRENT OPERATOR. THIS IS 1ST LETTER OF NON-COMPLIANCE.

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

Sincerely,



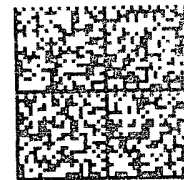
COMPLIANCE OFFICER

Hobbs OCD District Office

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.

*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



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03/24/2008

Mailed From 88240

US POSTAGE

CHAPARRAL ENERGY LLC
701 CEDAR LAKE BLVD
OKLAHOMA CITY OK 73114