



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"

14-Aug-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

WEST DOLLARHIDE QUEEN SAND UNIT No.036				I-31-24S-38E	30-025-12288-00-00	
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
08/13/2008	Routine/Periodic	Buddy Hill	Yes	No	11/16/2008	iLWH0822636723
Violations						
Emergency/Temporary Pits						
Comments on Inspection: OPEN WORKOVER PIT. FLUIDS IN PIT, LINED..NEEDS C-144 AND CLOSED PER NMOCD RULES..FIRST NOTICE						

WEST DOLLARHIDE QUEEN SAND UNIT No.089				K-32-24S-38E	30-025-30055-00-00	
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
08/13/2008	Routine/Periodic	Buddy Hill	Yes	No	11/16/2008	iLWH0822636223
Violations						
Absent Well Identification Signs (Rule 103)						
Surface Leaks/Spills						
Comments on Inspection: No Pumping Unit. NO WELL SIGN.,OIL AND WATER SPILL ON LOCATION, VAC. TRUCK PICKED UP 5+ BBL.,COVERED STAIN,,NEEDS REMEDIATION OF SITE. PLAN SHOULD BE APPROVED BY LARRY JOHNSON, NMOCD HOBBS..NEEDS WELL SIGN..FIRST NOTICE						

WEST DOLLARHIDE QUEEN SAND UNIT No.087

G-31-24S-38E

30-025-30084-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
08/13/2008	Routine/Periodic	Buddy Hill	Yes	No	11/16/2008	iLWH0822637455
Violations Absent Well Identification Signs (Rule 103) Emergency/Temporary Pits						

Comments on Inspection: No Well Sign (Rule 103). OPEN WORK-OVER PIT..NEEDS WELL SIGN AND C-144 FOR PIT CLOSURE..FIRST NOTICE

WEST DOLLARHIDE QUEEN SAND UNIT No.140

K-32-24S-38E

30-025-30297-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
08/13/2008	Routine/Periodic	Buddy Hill	Yes	No	11/16/2008	iLWH0822635958
Violations Emergency/Temporary Pits						

Comments on Inspection: Workover Pit Open, liner intact. PIT NEEDS C-144, CLOSED PER NEW PIT RULE. FIRST NOTICE

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**

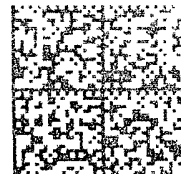
Hobbs OCD District Office

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

FIRST
CLASS



017H15554312
HASLER
\$0.420
08/14/2008
Mailed From 8624C
US POSTAGE

CHAPARRAL ENERGY LLC
701 CEDAR LAKE BLVD
OKLAHOMA CITY, OK 73114