



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Jim Noel
Cabinet Secretary
Karen W. Garcia
Deputy Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Field Inspection Program

"Preserving the Integrity of Our Environment"

02-Dec-10

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.084 | | | | L-29-24S-38E | 30-025-30007-00-00 |
|--|------------------|---------------|------------|------------------------------|--|
| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: Inspection No. |
| 12/01/2010 | Routine/Periodic | Mark Whitaker | Yes | No | 12/31/2010 iMAW1033545418 |
| Violations | | | | | |
| Idle well (Rule 201) | | | | | |

Comments on Inspection: T/A status expired. NEED TO RE-TEST FOR T/A STATUS. RETURN TO PRODUCTION, OR PLUG & ABANDON WELL. 1st notice.

| WEST DOLLARHIDE QUEEN SAND UNIT No.093 | | | | F-32-24S-38E | 30-025-30132-00-00 |
|---|------------------|---------------|------------|------------------------------|--|
| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: Inspection No. |
| 12/01/2010 | Routine/Periodic | Mark Whitaker | Yes | No | 12/31/2010 iMAW1033539152 |
| Violations | | | | | |
| Absent Well Identification Signs (Rule 103) | | | | | |
| Idle well (Rule 201) | | | | | |

Comments on Inspection: T/A status expired. NEED TO RE-TEST FOR T/A STATUS. RETURN TO PRODUCTION, OR PLUG & ABANDON WELL. Well sign not complete. No UL, Section, Township, Range or API #. NEED TO REPLACE WELL SIGN. 1st notice.

WEST DOLLARHIDE QUEEN SAND UNIT No.106

C-30-24S-38E

30-025-30157-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|---|------------------|---------------|------------|------------------------------|---------------------------|----------------|
| 12/01/2010 | Routine/Periodic | Mark Whitaker | Yes | No | 12/31/2010 | iMAW1033548076 |
| Violations Idle well (Rule 201) | | | | | | |
| Comments on Inspection: T/A status expired. NEED TO RE-TEST FOR T/A STATUS, RETURN TO PRODUCTION, OR PLUG & ABANDON WELL. 1st notice. | | | | | | |

WEST DOLLARHIDE QUEEN SAND UNIT No.121

K-32-24S-38E

30-025-30232-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|---|------------------|---------------|------------|------------------------------|---------------------------|----------------|
| 12/01/2010 | Routine/Periodic | Mark Whitaker | Yes | No | 12/31/2010 | iMAW1033539522 |
| Violations Idle well (Rule 201) | | | | | | |
| Comments on Inspection: T/A status expired. NEED TO RE-TEST FOR T/A STATUS, RETURN TO PRODUCTION, OR PLUG & ABANDON WELL. 1st notice. | | | | | | |

WEST DOLLARHIDE QUEEN SAND UNIT No.116

A-6-25S-38E

30-025-30240-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|---|------------------|---------------|------------|------------------------------|---------------------------|----------------|
| 12/01/2010 | Routine/Periodic | Mark Whitaker | Yes | No | 12/31/2010 | iMAW1033544669 |
| Violations Idle well (Rule 201) | | | | | | |
| Comments on Inspection: T/A status expired. NEED TO RE-TEST FOR T/A STATUS, RETURN TO PRODUCTION, OR PLUG & ABANDON WELL. 1st notice. | | | | | | |

WEST DOLLARHIDE QUEEN SAND UNIT No.120

F-5-25S-38E

30-025-30242-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|---|------------------|---------------|------------|------------------------------|---------------------------|----------------|
| 12/01/2010 | Routine/Periodic | Mark Whitaker | Yes | No | 12/31/2010 | iMAW1033539744 |
| Violations Idle well (Rule 201) | | | | | | |
| Comments on Inspection: T/A status expired. NEED TO RE-TEST FOR T/A STATUS, RETURN TO PRODUCTION, OR PLUG & ABANDON WELL. 1st notice. | | | | | | |

WEST DOLLARHIDE QUEEN SAND UNIT No.134

A-6-25S-38E

30-025-30272-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|--|------------------|---------------|------------|------------------------------|---------------------------|----------------|
| 12/01/2010 | Routine/Periodic | Mark Whitaker | Yes | No | 12/31/2010 | iMAW1033541899 |
| Violations Absent Well Identification Signs (Rule 103) Idle well (Rule 201) | | | | | | |
| Comments on Inspection: No well Sign (Rule 19.15.16.8). Expired T/A. NEED TO INSTALL WELL SIGN. NEED RE-TEST FOR T/A STATUS, RETURN TO PRODUCTION, OR PLUG & ABANDON WELL. 1ST NOTICE. | | | | | | |

WEST DOLLARHIDE QUEEN SAND UNIT No.149

P-32-24S-38E

30-025-30273-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|---|------------------|---------------|------------|------------------------------|---------------------------|----------------|
| 12/01/2010 | Routine/Periodic | Mark Whitaker | Yes | No | 12/31/2010 | iMAW1033540726 |
| Violations Idle well (Rule 201) | | | | | | |
| Comments on Inspection: T/A status expired. NEED TO RE-TEST FOR T/A STATUS, RETURN TO PRODUCTION, OR PLUG & ABANDON WELL. 1st notice. | | | | | | |

WEST DOLLARHIDE QUEEN SAND UNIT No.150

H-5-25S-38E

30-025-30274-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|----------------------|------------------|---------------|------------|------------------------------|---------------------------|----------------|
| 12/01/2010 | Routine/Periodic | Mark Whitaker | Yes | No | 12/31/2010 | iMAW1033626526 |
| Violations | | | | | | |
| Idle well (Rule 201) | | | | | | |

Comments on Inspection: T/A status expired. NEED TO RE-TEST FOR T/A STATUS. RETURN TO PRODUCTION, OR PLUG & ABANDON WELL. 1st notice.

WEST DOLLARHIDE QUEEN SAND UNIT No.133

D-31-24S-38E

30-025-30355-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|------------------------|------------------|---------------|------------|------------------------------|---------------------------|----------------|
| 12/01/2010 | Routine/Periodic | Mark Whitaker | Yes | No | 12/31/2010 | iMAW1033537567 |
| Violations | | | | | | |
| Unauthorized Injection | | | | | | |

Comments on Inspection: Well was T/A'd in January 2007. Production history indicates operator began injection into well in March 2009. MIT needs to be performed prior to putting well on injection. NEED TO SCHEDULE MIT TEST WITH HOBBS DISTRICT OFFICE. 1ST 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,

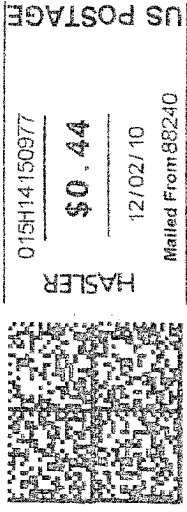

COMPLIANCE OFFICER

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



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701 CEDAR LAKE BLVD
OKLAHOMA CITY, OK 73114